U.S.--Office of Price Administration.
Summary of the operations of the Office of Price Administration in the territories and island possessions, Region IX.

SUMMARY

OPERATIONS

OF THE

OFFICE OF PRICE ADMINISTRATION

IN THE

TERRITORIES AND ISLAND POSSESSIONS

REGION IX

OFFICE OF PRICE ADMINISTRATION

JAMES P. DAVIS - REGIONAL ADMINISTRATOR

MAY, 1947

This is a brief history of the operations of the Office of Price Administration in the U. S. Territories and Island Possessions. It touches only the highlights, but should serve as a guide to the wealth of materials in the files, for those who may be interested in further research or more details.

The history is the combined work of a number of persons who served the OPA in the Territorial Offices and the Regional Office. Some of the original writing and all the revising, final editing and compilation was done by Mary Gresham, who was Regional Information Executive from almost the beginning of the Regional Office until its close.

James P. Davis
Regional Administrator

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INTRODUCTION

AUTHORITY

Region IX was responsible for the administration of Price Control and Rationing in the U. S. Territories and Islands Possessions. The Regional Office was located in Washington, D. C., and the area within its jurisdiction was Virgin Islands, Puerto Rico, Panama Canal Zone, Hawaii and Alaska. Region IX was actually in existence for several weeks prior to the establishment in May, 1942, of the continental Regional Office. Late in March, 1942, Leon Henderson, Price Administrator, placed Dr. Rupert Emerson in complete charge of all price control and rationing matters pertaining to the Territories and Possessions. By informal agreement, about the only restrictions placed on the Region IX administrator were those of the Emergency Price Control Act itself.

This placing of our Territories and Possessions[1/] under a separate regional office was a recognition of the importance of extending price control and rationing to these areas, each of which is a military outpost vital to the protection of the American continent. The rather broad authority given to Region IX was a recognition of the fact that the economies of these areas differ greatly from the continental United States and from each other, and, therefore, require special treatment in terms of local conditions.

Administrative Order No. 4 issued May 7, 1942, formally established Region IX along with the eight continental regions. Section 3 of that order states, "There shall be nine Regional Offices....Region IX, Headquarters Washington, D. C., Jurisdiction - Alaska, Hawaii, Panama Canal

1/ For purposes of this report the term "Territories" will be used to apply to all United States owned areas outside the continent. Strictly speaking, Alaska and Hawaii are "Territories" and Puerto Rico and the Virgin Islands are "Islands Possessions".

Zone, Puerto Rico, Virgin Islands, and other possessions". On May 26, 1942, Supplement 3 to Administrative Order No. 4 was issued "to clarify the application to Regional Office No. IX of the provisions of Administrative Order No. 4 and to describe certain additional functions of that regional office". Supplement 3 gave to Region IX a very wide latitude of discretion in dealing with the problems of price control in the Territories and Possessions.

Section 2 (of Supplement 3). Application and Adaptation of Administrative Order No. 4 to Regional Office No. IX.

A. The provisions of Administrative Order No. 4 shall apply to Regional Office No. IX with such reasonable adaptation to the special problems of administering OPA policies to territories and possessions as the Regional Administrator deems necessary and the Senior Deputy Administrator approves.

B. ....that office (Region IX) shall be staffed in such manner as the Regional Administrator, with the approval of the Senior Deputy Administrator, deems necessary and proper.

C. ....(1) there shall be one territorial office each for Alaska, Hawaii, Puerto Rico and the Virgin Islands and OPA programs shall be administered in all other territories and possessions by district offices; (2) subsection C of section 4 (regarding staff) may be adapted to the needs of particular territorial offices as the Regional Administrator deems necessary; and (3) the territorial offices, as directed by the Regional Administrator with the approval of the Senior Deputy Administrator may establish staff for and engage in economic research, commodity supply and price analyses, and other studies and investigations necessary to secure an adequate informational base for the development of policies which will effectuate OPA objectives in the territories and possessions.

D. ....with the approval of the Deputy Administrator in charge of rent and the Regional Administrator, a territorial rent officer may be appointed to each territorial office.

E. The principles and methods of communications established in Administrative Order No. 4 shall apply to Regional Office No. IX and its subordinate field offices with such modifications as differences in organization and the technical means of communication may require.

Section 3 (of Supplement 3). Additional Functions of Regional Office No. IX.

It shall be the responsibility of the Regional Administrator for Region IX, in addition to the duties assigned by Administrative Order No. 4 to:

A. In cooperation with the operating divisions in the National Office, assemble and analyze economic, price and other data necessary to the application and administration of price, rent and rationing controls in the territories and possessions, employing so far as possible the existing organization and staff of the Office of Price Administration.

B. Consult with the heads of other Federal agencies and with the governing officers of territories and possessions on problems of effectuating commodity and rent control policies in the territories with special regard to the use of and liaison with territorial governmental agencies.

C. Establish, through the appropriate National Office division heads, liaison with the responsible heads of industries producing or distributing commodities in the territories to secure the promotion of and compliance with commodity control policies in those territories.

D. Recommend to the Administrator action necessary to apply general commodity and rent controls in the territories and possessions, and recommend to the Senior Deputy Administrator such new policies, adaptations of policies and adjustments in methods and procedures as are necessary for efficient administration of such controls.

Administrative Order No. 4 was revised later but the operations of Region IX were not changed after its original establishment. Many of its operations continued to be based on the first informal understanding between the Regional Administrator and the national Price Administrator and many things were done because "they have always been done in that manner"

The Directors were appointed and each of the Territorial Offices established soon after the Regional Office was authorized:

Alaska	May 1942
Puerto Rico	June 1942
Virgin Islands	June 1942
Canal Zone	April 1942
Hawaii 1/	June 1942

LAND AND THE PEOPLE

Geographically, Region IX embraced the easternmost, westernmost, northernmost and southernmost extension of the Office of Price Administration.

The Virgin Islands are a group of islands acquired by the United States in 1917 by purchase from Denmark. The group, comprising three small inhabited islands, St. Thomas, St. Croix and St. John, and many tiny uninhabited islands, lies approximately 1400 miles southeast of

1/ Until March, 1943, OPA acted purely in an advisory capacity since Hawaii was under military rule.

New York and only 40 miles east of Puerto Rico. In 1940 the population of all three islands was 25,000 but at the present time probably is in excess of 30,000 -- predominantly Negro. Living standards are low and the Islands benefited relatively little from the war boom.

Puerto Rico, with the three very small adjacent islands of Mona, Culebra and Vieques, is situated approximately 1400 miles southeast of New York and 1200 miles east of Miami. It has a population of more than 2,000,000 Spanish-speaking persons of whom less than 20 per cent speak English. The average money income of wage earners in 1941 (a fairly prosperous year) was $350 per family per year. Unemployment has been gradually increasing since early 1942, and the island experienced few, if any, of the economic benefits resulting from war production.

The Territory of Hawaii is a chain of islands in the mid-Pacific Ocean approximately 2100 miles from San Francisco. Almost 99 per cent of the population of more than 500,000 live on five principal islands, Oahu, Hawaii, Maui, Kauai, Molokai. Racially this population consists of Hawaiian, part Hawaiian, Caucasian, Chinese, Filipino, Japanese, Korean and Puerto Rican. The largest single racial groups are the Japanese, which accounts for 37 per cent, and the Caucasian which comprises 25 per cent of the total. The pure blood Hawaiians make up only 3 per cent of the population.

Labor shortages made it necessary to recruit large numbers of workers from the mainland. A wage spiral began in 1941 that was unchecked until the establishment of a War Labor Board office in Honolulu in 1944. A study by the U. S. Bureau of Labor Statistics in 1943 showed that the average monthly income of wage earners was $415 per family. Volume of business in all lines of endeavor tremendously increased and Hawaii was a "war boom" area.

The Virgin Islands, Puerto Rico and Hawaii all have a semi-tropical climate, warm but not hot the year round.

Alaska, with an area a little less than one-fifth the area of the mainland United States, extends from a point approximately 600 miles northwest of Seattle, 1800 air line miles north to the Arctic Circle. The estimated population of 100,000 people consists of approximately equal proportions of white and Indian and Eskimo. Alaska had a large influx of population, both civilian and military, during the war. Purchasing power reached a very high level and labor shortages were acute. The war brought greater prosperity to an already prosperous Territory.

There is a very marked contrast between the United States islands in the Caribbean and the Territories of Alaska and Hawaii. In neither the Virgin Islands nor Puerto Rico was there a true inflationary situation. Instead, there was low purchasing power with the pressure on prices caused by short supplies resulting from transportation difficulties, and increased costs of commodities because the continental United States is the principal source of supply. Hawaii and Alaska, however, were definitely war boom areas. Both benefited economically from war construction. Full employment at increased wages caused purchasing power to be far above normal.

THE PANAMA CANAL ZONE

It has been said "The Panama Canal Zone is unique among all lands subject to the jurisdiction of the United States." 1/ Unlike the other areas under jurisdiction of Region IX, the Canal Zone is not a state, territory, possession or dependency within the generally accepted meanings of those terms. Because of this unique position and the peculiar

1/ The Panama Canal in Peace and War - Norman J. Padelford

situation with respect to the so-called "Government controlled economy" in the Canal Zone, the local activities of the Office of Price Administration were quite different from the activities carried on in Alaska, Puerto Rico, the Virgin Islands and Hawaii.

The Office of Price Administration as such did not exist as a separate and distinct organization in the Canal Zone. Instead all ration orders promulgated by the Office of Price Administration and deemed by the Regional Administrator as being applicable to and necessary in the Panama Canal Zone, were administered by the Governor, who in his capacity as Rationing Administrator for the Canal Zone, acted through two boards known as the Canal Zone Rationing Board and the Canal Zone Gasoline Rationing Board, respectively. The clerical work, tire inspection service, investigation of violations, publicity and other detailed activities of this set-up were handled by regular employees of the Panama Canal organization under an arrangement whereby the Office of Price Administration, with the approval of the Bureau of the Budget, transferred funds to the Panama Canal for expenses incurred in administering the rationing programs.

GENERAL FEATURES OF THE CANAL ZONE

The Canal Zone is an area approximately ten miles wide, extending five miles on each side of the Canal from deep water in the Atlantic to deep water in the Pacific, except the city of Panama on the Pacific side and the city of Colon on the Atlantic side, which are adjacent to the Canal Zone communities located at the two Canal terminals. The Canal is 40.27 statute miles in length from shore line to shore line, and 50.72 miles from deep water to deep water. The actual area of the Canal Zone is 552.95 square miles, of which 362.01 square miles is land area and 190.94 square miles water area. No land in the Canal Zone is privately owned, and the Zone is in effect, a Government-owned reservation

dedicated to the operation, maintenance and protection of the Canal and its appurtenances.

The population of the Canal Zone consists chiefly of American civilian employees of the Panama Canal and the Panama Railroad Company and their families, United States Army and Navy enlisted and civilian personnel and their families and native and West Indian employees of the United States Government agencies on the Isthmus and their families. Practically all the American employees of the Canal-Railroad organization and their families live in the principal communities, which are: Cristobal, Margarita, and Gatun on the Atlantic side of the Isthmus, and Ancon, Balboa Heights, Balboa, Diablo Heights, Cocoli, Pedro Miguel, and Gamboa on the Pacific side.

The civil population of the Canal Zone in 1945 was 44,688.

RATIONALE OF REGION IX

In the organization of an office to administer price control in the Territories and Possessions, it is significant that the Administrator selected as first Regional Administrator a former Director of Territories for the Interior Department, Dr. Rupert Emerson, whose experience in handling Territorial matters had impressed him with the necessity of encouraging the Territories to govern themselves. Organizationally, he conceived it as desirable to maintain a small staff in the nature of a home base in Washington, and larger, better equipped staffs in the areas to be administered. Administratively, he believed that controls could be more effectively and efficiently imposed by those who knew their people and the local economy and who were respected and trusted locally. The emphasis from the outset, therefore, was on decentralization of functions, a condition which the National Office saw the desirability of achieving at a much later date.

Despite this initial objective, it became immediately apparent that at least for the early stages of development, a well-rounded price control staff must be maintained in Washington. Price control was little understood even in the Capitol, but technicians and techniques were being quickly developed. Experienced personnel were not yet available to staff the field offices. Pricing methods were being tried and modified or discarded. It was, therefore, important that the Territories should be adequately represented in Washington by a staff equipped to keep its fingers on the pulse of developments in price control.

Furthermore, the nature of the dependence of the Territorial economies on the continental United States necessitated coordination of matters having an indirect bearing upon price control. In the outlying areas the control of prices was inextricably bound with matters involving shipping, transportation, communications, labor, rationing, export-import controls, customs, and the like.

A further factor requiring the maintenance of a strong Washington staff was the efficiency gained in coordinating much of the work of the several Territories. Inevitably these matters were administered in Washington. Changes in conditions and circumstances exaggerated by a war economy required constant modifications and variations affecting each of the Territories. The integration of price control programs with other governmental activities affecting the economies of the Territories became an important function of the Washington Office. Although each area had problems peculiar to itself, each area also had identical problems of organization, administration, staffing, and relationship with other branches of the government, such as the Interior Department, Agriculture Department, Office of Defense Transportation, War Production Board and the War Labor Board. By centralizing the handling of common problems,

the Regional Office was not only able to save much time and money but also could contribute substantially to the elimination of the confusion resulting from working at cross purposes.

Furthermore, since regulation-making at the inception of Territorial price control was the business of Washington, and the field offices in the continental United States were not even adequately equipped to regulate locally, it was necessary for the Territories to look to Washington for the development of legally sustainable regulatory measures tailored to their needs. The price and rationing regulations applicable in the continental United States could not have been structurally applied to the Territories without creating inequities which could have imposed undue hardship upon their economies. Many of the early regulations were made applicable to the Territories without conscious consideration of their economic effects. Fortunately, no one sought to enforce them until they were amended to meet area conditions.

The inability to apply regulations and utilize pricing techniques developed for the continental United States became apparent when the GMPR was unwittingly made applicable to the Territories. The freeze type of regulation utilized in the General Maximum Price Regulation first issued in May, 1942, selected base periods which had no reasonable relationship to relatively appropriate base periods for each of the Territories. In Puerto Rico and the Virgin Islands and Hawaii and Alaska, there was a considerable lag between the time the goods were procured in the continental United States and marketed in the Territories. This lag might extend from one to three months and as much as a year in some areas of Alaska. Selecting freeze dates, therefore, became a problem, not only closely tied in with economic development in the Territories, but also with economic development in the continental United States. The prices

of some items were frozen in the continental United States; others were priced on a dollar and cents basis. Neither, as of the date when they were frozen or priced in the United States, represented a basis for a selection of a freeze date or a price date for the Territories. The margins provided at various levels of production and distribution in the continental United States bore no resemblance to the margins reasonably required at various levels in the Territories. Whereas most items marketed in the continental United States were produced here, most items marketed in the Territories were brought in from the continental United States. Whereas the normal method of distribution in the continental United States involved sales by the manufacturer to the wholesaler or jobber thence to retailer, the levels of distribution from manufacturer to consumer in the Territories might involve manufacturer, wholesaler or jobber, exporter, importer, wholesaler, and retailer. Whereas transportation costs for the most part might represent a small proportion of the total cost in the continental United States, transportation to the Territories and within the Territories was a sizeable factor. Whereas labor costs in the continental United States were relatively high, labor costs in the Territories would vary from extremely low levels in the Virgin Islands and Puerto Rico to extremely high levels in Hawaii and Alaska. Whereas raw materials produced in the continental United States were utilized to produce agricultural commodities or manufactured commodities in the continental United States, the raw materials utilized in Territorial production were for the most part brought from the continental United States. Whereas the standard of living in the continental United States was relatively high and permitted increases in prices to be absorbed by the consumer or shared by the various levels of production and distribution, the standard of living in areas such as the Virgin Islands and Puerto Rico was such that

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any increases in the cost of goods would result in lowering the standard of living and resultant hardship to the people.

PRICE CONTROL

PUERTO RICO

INTRODUCTION

Three aspects of price control in Puerto Rico deserve emphasis. The first is an orthodox recital of the price measures taken. The second consists in a consideration of the circumstances surrounding the taking of these measures. The third consists in an evaluation of the price control program and some of its implications from the point of view of administrative control.

THE INITIAL PERIOD

In the United States the inflationary implications of the defense program were realized as early as 1940. In a number of the most critical areas price control was established before the situation had gotten out of hand. In contrast, Puerto Rico price ceilings were established only after chaotic conditions had come to prevail.

In November, 1941, the Insular Government passed legislation creating a Food and General Supplies Commission which was invested with the power to control prices and the distribution of commodities. Supplementary legislation was passed in May, 1942. Under this program maximum prices (both dollars-and-cents and cost-plus) were issued on a long list of commodities of primary necessity. The efforts of the Insular Government, however, despite the fact that they were commendably conceived, had borne little fruit by the time the operations of OPA were initiated.

Theoretically, price control by the OPA in Puerto Rico dates from March, 1942, when the General Maximum Price Regulation became effective. The inclusion of Puerto Rico under GMPR was completely inadvertent. The Office of Region IX was not established until May, 1942, and the Territorial Office in San Juan not until June, 1942.

At their inception both the Regional and the Territorial Office were staffed only with the heads of principal divisions. Some members of the staff were familiar with price control in general, having had experience in the National Office. Others were familiar with the characteristics of the Puerto Rican economy. No one member of the staff was expert in both fields. Inevitably no records had been collected or analyzed and no working facilities had been set up.

It was in these circumstances that an immediate emergency had to be met. This emergency was traceable on the one hand to the disastrous loss of supplies as ship after ship was sunk, and on the other hand to a rapidly rising burden of war risk insurance charges on such supplies as were getting through.

To meet the emergency only one type of price action appeared to be immediately practical. On June 25, 1942, GMPR was amended to permit sellers in Puerto Rico to charge as their ceilings the maximum prices received during the period April 10 - May 10. The advance in the base date from March to this period at least reflected the increase in war risk insurance charges which had taken place in the interim and the normal lag between purchase of goods in the United States and arrival and offer for sale in Puerto Rico. It was fully realized that this action was merely an expedient, that it would provide ceilings which would have at least some superficial relation to cost increases which had been suffered.

The period July to December, 1942, was one in which the OPA laid a great part of the groundwork for effective control. The efforts during this period were in two directions. On the one hand, the staff in the Territorial Office undertook an analysis of business practices in the marketing of important commodities. On the other hand, the Regional Office was pressing actively programs to alleviate chaos brought on by

the toll of war risk insurance and by the closing of channels of supply. Each of these aspects of the work deserve mention.

In the emergency that existed in the summer of 1942, it was not possible for the staff in San Juan to think out a systematic program of price control. Ideas took shape one by one as individual problems were bitten into. The general features of the problem which, it is to be emphasized, took shape only while and as day by day emergencies were being faced were the following:

1. From the point of view of the consumer nowhere under the American Flag was it so important that there should be effective price control as it was in Puerto Rico. The citizens of Puerto Rico were impoverished; they had no capacity to stand a rapidly rising cost of living. Strategically, as it then appeared, the island was of major importance.

2. The heart of the problem lay in controlling the price of foodstuffs. These, according to surveys conducted in 1941, constituted 60 per cent of the total cost of living. Clothing accounted for an additional 10 per cent. The problem of controlling foodstuffs, and secondly, clothing, was predominantly the problem of controlling import prices since Puerto Rico depends overwhelmingly on the United States as a source of supply.

3. Within the island the marketing organization was rudimentary. Individual merchants could not be typed as retailers or wholesalers or importers, for they frequently traded at all three levels. Rather, it was necessary to tab transactions to which appropriate price ceilings might apply and to permit any seller making a transaction of a given type to receive the ceiling price appropriate to it.

4. Accounting practices, if they existed at all, were so diverse that it was impossible to apply in any systematic way the standards of

fairness set forth in the Emergency Price Control Act. Rather, it could at best be hoped that it would be possible to determine what unit margins, either in dollars-and-cents or percentage terms, had historically prevailed.

5. The merchants of the island had only the most general notions of what price control meant. There were available to them virtually none of the trade and press services which kept merchants in the States up to date. In attempting to fill this gap, the OPA found that the lack of communication facilities to small merchants was a serious handicap.

6. The language problem was a most difficult one. Conferences had to be conducted largely through interpreters. Regulations had to be translated into Spanish. Publicity had to go out not only in the language the people spoke, but also in a manner that would command their attention and respect.

As the characteristics in the problem just noted were making themselves clear to the Territorial staff, the Regional Office was participating in the development of programs which struck at the roots of the inflation price.

A basic factor influencing any control of prices in Puerto Rico was the gyration of war risk insurance rates. Between December, 1941, and July, 1942, these rates increased from a negligible charge to 15 per cent of the value of cargo from the States and 25 per cent of the value of cargo from South America. This was one of the first major problems confronting the Regional Office when it was established. It required months of inter-agency negotiations before it was finally solved. While it existed, it alone prevented effective price action upon imported articles. In August, 1942, rates were stabilized under the War Shipping Administration at 3/4 of 1 per cent on shipments from the States and 2 per cent or less from South America.

The supply situation was another problem, involving inter-agency action, with which the Regional Office battled all during the summer and early fall of 1942. At the time the Puerto Rico OPA office opened in June, 1942, the submarine campaign in the Atlantic was at its height and for two or three months Puerto Rico was virtually cut off. Tragic scarcities of essential commodities developed and there was great pressure on prices. Rice, the most essential food commodity, which in 1938-39 had sold at 5 - 6 cents per pound went to 20, codfish from 13¼ to 40. The shipping authorities meantime had shifted all Puerto Rican traffic to the Gulf Ports, leaving large quantities of goods stranded in Eastern warehouses. It was not surprising under the circumstances that prices continued to rise rapidly on foodstuffs not under GMPR and on many commodities nominally covered. With March, 1941, as 100, the food cost index rose to 143 by June, 1942, and 158 by December, 1942.

Recognizing the probability of food scarcities in the Territories under wartime conditions, the 77th Congress had appropriated $15,000,000 to be administered by the Division of Territories and Possessions of the Interior Department for civilian food needs in the Territories. It was intended at first that this should be used to assist private firms in stockpiling an adequate food supply, but the extreme urgency of the shipping situation and the increasing difficulties in procurement and transportation in the States led to the decision that the Government must take over the entire food program. On July 17, 1942, the Departments of Agriculture and Interior entered into an agreement under which the latter would procure for the former an adequate supply of essential foodstuffs, feeds and fertilizer to be distributed by the General Supplies Administration, a Puerto Rican agency, at prices approved by the OPA. (After October, 1942, the Office of Distribution of the Department of

Agriculture[1/] operated its own distribution centers.) Moreover, the Interior Department undertook to subsidize the price of the most important commodities so that they could be sold at a price which would not be too great a hardship on low-income families. The most important of these commodities were rice, codfish, beans, corn, and lard.

This program, which began to function under complete Federal Government operation in October, 1942, not only saved the island from grave food difficulties and possible near-starvation, but gave the OPA the foothold it needed to bring prices under reasonably good control. Although the justification of this program seems to have been evident enough, it was never accepted wholeheartedly by the major merchants in Puerto Rico, perhaps for the reason that their import commissions were sacrificed.

From the point of view of price control, the most important feature of this program was that the Federal Government agreed to announce prices, stabilized for three months, on basic foodstuffs laid down in Federally operated warehouses located at key distribution points throughout the island. At the same time, it also became necessary to allocate lard and rice at the wholesale and retail levels which gave the OPA a complete list of all sellers and a highly effective weapon in its power to cut off supplies of price violators through its agreement with the supply authorities that they would deprive violators of further supply.

It was at this point, in the late fall of 1942 nearly a year after Pearl Harbor, that the OPA was finally in a position to begin an effective and orderly price control program. It will be well to summarize briefly the implications of the program in its initial steps in order to bring them into near focus.

1/ This agency was known in Puerto Rico in the beginning as the Agricultural Marketing Adm. (AMA), then Federal Distribution Adm. (FDA), and finally Office of Supply (OS). For purposes of this report, it will be referred to as FDA since that was its best known title.

1. A community like Puerto Rico is particularly liable to inflationary price increases. Physically it is at the end of a long supply line, a fact in itself which is likely to produce spasmodic supply conditions. From a business point of view, it is also at the end of the supply line. In times of shortage and national crisis, suppliers in the States are inclined to protect their domestic franchise, to deal with customers with whom they have close contact, and to make shipments where relatively little red tape or simple routing arrangements are possible. (The lower credit rating of merchants remote in Puerto Rico would seem not to have been a major factor, since during the war, most exporters insisted on opening up a letter of credit before merchandise was shipped whereas normally they had accepted payment via banks in Puerto Rico once merchandise had arrived.)

2. From an operative point of view, the OPA suffered greatly in its early stages from lack of staff training in the general economics of price control or in the peculiarities of the Puerto Rican economy as the case might be, and also from the lack of inter-agency planning.

3. Both the fact that inherently the Puerto Rican economy was subject to violent inflationary pressure in times of crisis, and the fact that the establishment of controls involved unusually difficult administrative problems emphasize the necessity of early and farsighted planning. In 1941-42, an enormous amount of inflationary damage was done because price controls were tardy, and the effort to get on top of the situation required more than a year -- June, 1942, down to the third quarter of 1943.

4. A review of OPA activities even in their early stages points to the value of active local participation in a program. The experience of the Insular General Supply Administration was not fully capitalized. On

the other hand, the practice of staffing the office primarily with Puerto Rican citizens of outstanding ability and of limiting the staff sent from the States to a small number intimately familiar with the technicalities of price control proved to be eminently sound. The team was well rounded in terms of experience and training.

BASIC IMPORTED FOODSTUFFS

When the Federal Distribution Administration (FDA) was ready in the fall of 1942 to lay down basic foodstuffs at fixed prices for sale to wholesalers, OPA was prepared to establish maximum prices at wholesale and retail. Prior to this time, however, MPR 183, conceived as an omnibus regulation to cover the sale of products in Puerto Rico susceptible of specific treatment, had been issued on July 20. Products had been brought under this regulation as rapidly as the underlying cost picture was sufficiently defined and as adequate data were assembled. Thus, between July 20 and October 21, dollars-and-cents markups had been established on rice, and flat prices had been established on fatbacks, cigarettes, corned beef, and milk.

The major progress, however, was made between October 29 and December 9, 1943, when virtually all basic imported foodstuffs were flat-priced. The FDA made these products available and prices were stabilized for a three months period at any of its warehouses. In the main, no grade or brand differentials were specified. Terms were cash. It was certain that FDA prices represented legitimate purchase prices in the States and, in general, the lowest transportation and handling costs that were available. Given this firm basis, ideal from the point of view of price control, the OPA had simply to determine what markups had been normal in the island and to spell out the appropriate maximum prices at wholesale and retail. In establishing normal markups, the OPA

in principle allowed those markups (dollars-and-cents) which had been prevalent in 1936-39. It modified this principle to allow normal markups in percentage terms in those cases in which perishability was a major factor.

For a time FDA was virtually the only food importer in Puerto Rico. Gradually, as private importers were able to establish their ability to obtain shipments of products of the second order of importance, canned goods for example, such items were turned back to private hands. But from the fall of 1942 to the end of the war, the Federal Government provided Puerto Rico with its basic diet, and it held prices at all levels virtually unchanged through this entire period.

NON-BASIC IMPORTED FOODSTUFFS

As noted above, the FDA gradually returned to private hands the responsibility for importing foodstuffs other than basic essentials. This development entailed complex problems for the OPA, for it was evident that equitable price control would have to take account of established brand, grade, and cost differentials. Handling this problem involved the following steps:

1. A concerted effort was made to urge the importer to check his orders with the OPA in San Juan at least informally before confirming them. This was to avoid the impossible situation whereby a merchant would receive a consignment of goods, approach the OPA with the bill of costs incurred, which might be out of all reason, and ask for ceilings high enough to bail him out. Such a merchant could not be told that he would simply have to learn his lesson by absorbing his loss. For the answer, which had an irrestible appeal, was that after all this merchant had, in spite of risks, brought to the island supplies which were needed, in some cases desperately. Problems such as these had to be handled mainly

by administrative discretion, but with the strongest possible persuasion to merchants to verify their costs and obtain an indication of OPA's attitude before closing transactions.

2. After making the best possible effort to establish the legitimacy of landed costs, the OPA applied importer, wholesaler, and retailer markups normal to the classes of merchandise involved. Recognizing (a) that some variations in landed costs were inevitable even though purchase prices in the States were stabilized; (b) that the products involved were not the basic foodstuffs of most of the people of Puerto Rico, and (c) that in the long run the most satisfactory control could be obtained by flat-pricing, the markups allowed by OPA were somewhat more generous than the minima which could have been justified and were designed to leave a small cushion so that cost fluctuations could be absorbed.

The first regulation spelling out ceiling prices on canned goods on a brand-by-brand basis was issued on April 30, 1943. It covered essentially all of the brands of canned vegetables and soups sold in Puerto Rico, more than 300 items. Frequent additions were made as additional items were imported. From time to time the office published and distributed to all merchants in Puerto Rico and to all individual and organized consumers price lists covering not only the basic commodities imported by FDA but also the multitude of items imported by the trade.

LOCALLY GROWN PRODUCTS

While Puerto Rico lives primarily on imports, it was necessary to provide regulation of four groups of locally produced items which were of substantial importance, namely, milk, fresh beef, coffee, and bread, crackers, and macaroni. The general characteristics of each of these regulations may be briefly noted.

Examination of the milk problem in Puerto Rico established the following important characteristics:

1. The marketing system was rudimentary. Only half-a-dozen distributors had pasteurization facilities. Milk was sold to the consumer principally from "puestos" or stations, usually in containers provided by the purchasers. Wide differentials in prices prevailed from one locality to another, attributable mainly to inadequate transportation and refrigeration facilities.

2. Quality standards were provided by the Department of Sanitation but were meaningless in practice. The Army and Navy, however, provided close inspection of the milk which they purchased.

3. The demand for fluid milk had increased enormously owing principally to the fact that the Army and Navy were purchasing in large amounts, and to the rapid rise in consumers' incomes particularly in and around areas where military projects were underway.

The regulation designed to cope with this situation was issued on April 30, 1943, and had the following features:

(a) It divided the Island into three price zones determined by studying the differentials between localities which had normally prevailed.

(b) A schedule of retail prices was provided for each zone, which made allowances for pasteurization, provision of containers, and delivery

(c) On sales by producers to distributors, producers were given a weighted average price computed monthly. This was calculated by the distributor by weighting the prices which he received in each of the zones by the quantity of milk which he sold in them.

(d) A general report to the OPA was required of all distributors showing the quantity of milk sold in each price zone.

It was recognized that this regulation was highly unorthodox, that it would provide producers with an incentive to divert their milk to those distributors who sold in high priced zones. The lack of transportation and refrigeration facilities was counted upon to minimize this diversion, but OPA recognized from the outset that a formal order to deal with the diversion problem might ultimately be required. In fact, the diversion of milk to high priced zones gradually became a serious problem and on September 15, 1943, a restriction order was placed in effect which was designed to hold milk in the areas in which it had customarily been marketed.

The defense of this regulation lies in examining its alternative, flat-pricing on an island-wide basis. Such a regulation would have placed a heavy burden upon consumers in those areas where milk had always been cheap. Furthermore, no war-born factors had altered the fundamental cost situation whereby costs were high on those dairies located near metropolitan areas where purchased dairy feed was used and where dairying was conducted as an organized operation, but whereby costs were low in rural sections where cattle simply roamed the range and where dairying was not systematically organized.

The regulation covering locally produced fresh beef, issued January 1, 1943, had features quite as unusual as those embodied in the milk regulation. The following were the principal elements in the situation:

1. Puerto Rico had no live stock industry in the usual sense of the term. Rather, cattle are used extensively as work animals. Those that are not useful for this purpose or which do not produce enough milk to satisfy their owner are sold for what they will bring. One cannot establish in general a cost of production associated with the supply of fresh beef.

2. Beef which is slaughtered, like milk, goes through primitive marketing channels. Cattle on the hoof are sold in the seller's fields. They are slaughtered in nothing more elaborate than an open shed. The slaughtered beef is sold at wholesale in no well-defined carcass cuts.

3. Puerto Rico customarily depended upon the United States as a source of supply. When imports were reduced, the demand for locally produced beef increased enormously and prices rose rapidly.

4. The consumer in Puerto Rico does not recognize the extensive list of consumer cuts which are found in the States. Rather, with more or less common understanding but with considerable room for disagreement, the consumer buys tenderloin, round meat, stew meat, or soup meat.

The regulation set up to meet this extraordinary condition had the following features:

1. On cattle on the hoof, a maximum price of $5.00 per "arroba" was set for cows and oxen and $6.25 per "arroba" for other types of cattle. An "arroba" is a Spanish measure, being the live weight equivalent of 25 pounds of dressed meat. In practice the buyer and seller first reach an agreement by inspection that a given animal has a certain live weight and that it will yield a certain number of pounds of dressed meat. The "arroba" equivalent is then derived. It will be recognized that since the "arroba" equivalent did not typically depend upon objective factors but on the judgment of buyer and seller, the ceiling price of live cattle did little more than to define a point about which the parties could bargain.

At wholesale a uniform price of 21 cents per pound was established. Again, it was a matter of bargaining between the parties to determine what quality of meat was to be traded at this price.

At retail, alternative schedules were provided. If a seller wished to differentiate tenderloin, round, stew, and soup meat, dollars-and-cents ceilings for each of these grades was provided. If on the other hand he simply wanted to distinguish tenderloin, he was provided with an appropriate ceiling for this cut and a second ceiling to apply to all other cuts, whatever they might be. The retail schedules, like those noted above, provided a point around which buyer and seller could bargain with reference to the quality of the meat that changed hands.

The defects of this regulation from the point of view of enforceability were well recognized, but nothing more exact could be provided in view of characteristics of the trade. Nevertheless, in cases of gross violation, the regulation could be enforced as indicated in a number of cases which were brought. Aside from legal enforceability, it is believed that the regulation was a considerable practicable achievement. In an economy in which practically every price could be made the subject of negotiation, it was important to supply standards of equitability of charges which would be ammunition in the hands of the seller or buyer, as the case might be, in trying to justify an asking or bid price.

Several factors in the background make it worthwhile to discuss price ceilings on coffee even though the regulation itself contains no unusual features.

For a number of years prior to the war, the coffee industry in Puerto Rico had been declining. While the product was of unusually fine quality, the high cost conditions which prevailed made competition with supplies from other sources unprofitable in the American market. Progressively higher duties levied by European countries had discouraged shipments to these outlets. In order to alleviate this situation,

legislation was passed in Puerto Rico under which the entire supply was pooled and one part of it was sold in overseas markets at competitive prices while the remainder was sold in Puerto Rico at the much higher prices made possible by the limitation of the quantities allocated to that market. By 1942, however, declines of production, attributable to crop failures on the one hand and to shortage of pickers at wages which the growers could afford to pay on the other, had left Puerto Rico with supplies smaller than were required by the home market alone. Prices rose rapidly.

The basic issue before OPA in establishing prices was the extent to which the consumer was bound to underwrite the losses sustained by the industry, principally from natural causes, or further was obliged to permit fortuitous wartime demands to reverse a long term downward trend which the operations of a free market had brought about. The Agency based its case for the ceiling which was imposed on the fact that without advancing prices to consumers in Puerto Rico greatly beyond levels which had prevailed before the war, it would be possible for producers to receive a much higher price on the average than they had ever known. Whereas normally producers had received in effect a weighted average price derived from proceeds of sales in a competitive overseas market and in the protected local market, they were now able te receive a price based upon the local market alone.

Flat prices were provided for coffee in all processing stages and at all trading levels. Retail ceilings were provided for containers as small as two ounces, the size which is perhaps more frequently sold than any other.

Specific price ceilings were provided for bread, macaroni, and cracker products, all of which are important articles of general consump-

over a period of time was made possible in the spring of 1943, when the FDA agreed to a highly simplified schedule of ceiling prices on flours of various specifications, which gave the assurance to the baker or manufacturer that his most important cost item would be stable.

TEXTILE PRODUCTS AND SHOES

Textile Products and Shoes were originally covered by GMPR. Control, however, was little more than nominal. Since specifications for individual items were changing constantly and since even brand identification was then the exception rather than the rule in Puerto Rico, the pricing standards provided by GMPR were at most only superficially logical and at least were cumbersome to apply. While the trade characteristics in these products were in many respects similar to those in cases noted above, several unique problems were raised:

1. In both textile products and shoes Puerto Rico is primarily a market for remnants, seconds, and rejects. Brand items are the exception. The practice of setting price lines is not systematically followed. Except at the retail level, trading is frequently done in job lots.

2. Sources of supply in the States were much more variable than in the case of food products. The importers shopped around for merchandise wherever they could get it, frequently from brokers and jobbers rather than fabricators. The possibility of establishing the legitimacy of the export prices charged by merchants in the States was therefore greatly lessened.

3. Goods imported were of the widest possible variety. In some cases the importers did not know precisely for what they had paid their money until they opened shipping cases.

4. The style factor, which is intangible except as it is a function as cost, nevertheless, required some recognition.

5. Landed costs, even if they were legitimate, were subject to wide variation from shipment to shipment as routings, channels of purchase, and similar factors changed.

6. As in other cases previously noted, the functions of merchants in Puerto Rico were not standardized. A given merchant might be an importer and at the same time sell both at wholesale and at retail. He might at one time confine his activities to one trade level and at another time to another trade level.

7. On practically all goods sold in Puerto Rico, the merchant does not typically adhere to conventional markups. If he can get more, he gets more; if he can get less, he takes what he can get. In textile products and shoes these characteristics are especially pronounced, since in disposing of a job lot no cost attaches to the individual item and the merchant has no cost guidance to tell him what he should receive.

In these circumstances the only feasible regulation was one to be painted with broad strokes: the broad fields of textile products and shoes were divided into only a few categories into which individual items would fall, each category with its appropriate set of markups. In view of the instability of costs, it would have to be a cost-plus type of regulation. It would have to cope with the job lot problem. And, it would have to have special record-keeping provisions to offset, to some extent, the lack of enforceability of its substantive provisions.

The Textile Regulation divided all textile products into three broad categories. In selling merchandise on which direct costs could be identified with individual items, ceiling prices were derived by adding percentage markups at wholesale and retail appropriate to the

category into which the item fell. "Direct costs" in effect meant the legitimate landed cost of the merchandise laid down in Puerto Rico. Thus, once merchandise hit the dock, it was immediately possible to determine its ceiling price at the wholesale and retail levels regardless of the number of hands through which it passed before it was finally taken from the shelves.

On textile products sold in job lots, the markups which were permitted in arriving at wholesale and retail ceilings applied to the job lot as a whole. Thus, if a job lot had a "direct cost" to the importer of $1,000, an aggregate return of $1,250 could be obtained on sales at wholesale. How the merchant reached this aggregate was his own business. It was hoped, and as it turned out with considerable justification, that if on the one hand the merchant was able to obtain a very high price for a particularly attractive remnant, for example, he would on the other hand be forced to sell other remnants intrinsically as good at a compensating sacrifice.

On locally manufactured textile products, substantive provisions parallel to those just noted were provided. The single difference was that manufacturers' ceiling prices under GMPR continued in effect and were applied in lieu of the "direct cost" which applied on imported merchandise.

Finally, ceiling prices were on an individual shipment basis. Thus, each time an importer received a shipment from the States or from a local manufacturer, he went through the process of computing ceilings applicable to it.

To cover the small volume of branded goods sold at stabilized prices, a provision was included permitting the seller on application to OPA to obtain permission to continue to observe prices specified in resale price maintenance products.

Inevitably extensive recording provisions had to be included to improve the enforceability of this regulation. At all trade levels, merchants were required to keep a record book clearly identifying textile products handled, individual items or job lots as the case might be. Furthermore, specific provisions were included compelling tagging of merchandise at the retail level.

The textile regulation immediately caused a major break of considerable magnitude in prices. At first it was strongly opposed by the merchants. In many cases they had failed to act on the widely publicized advice that the issuance of the regulation was imminent and clear out merchandise purchased at violative prices, and they uniformly objected to the onerous recording provisions. Once the inventories had been cleared and the record books had been set up, however, the regulation operated to the general satisfaction of both the trade and the OPA. At bottom, the regulation was generous in view of the fact that the margins were ample and that it took nothing from the merchant to compensate for the fact that, operating in a sellers' market, his profit was guaranteed.

As the textile regulation proved its practicability, the OPA felt free to issue an almost exactly parallel regulation on shoes. The provisions of this regulation need not be referred to individually. Following its issuance the price of shoes in Puerto Rico dropped significantly.

OTHER PRODUCTS

With the cutting off of whiskey distillation in the States, there was an immediate large demand for Puerto Rican rum at higher and higher prices. Many new brands appeared and huge quantities of green rum were being shipped for sale at prices far above any previously obtained for good quality aged rum. It was obvious that unless the situation could

be stabilized, there would be complete chaos in the industry. It was impossible to establish prices based on quality because there are no measurable standards of quality. The historical basis was already invalidated by the ridiculously high prices already allowed new brands by the national office. It was, therefore, decided to set a single maximum price for all Puerto Rican rum at about the level established by the large producers before March, 1942. With appropriate differentials for different proof rums and for packaging, this action enabled any producer or buyer to determine the appropriate maximum price instantly. It was immediately accepted and approved by the industry and served to stabilize the rum market throughout the war period when sales compared with any previous experience were enormous.

Individual price ceilings were issued under MPR 183 on a very long list of miscellaneous commodities not referred to above. From one point of view, their inclusion was anamolous. To choose a random example, little justification could be found for spelling out price ceilings on wire netting for bed springs.

The reverse side of the problem was that any merchant selling any product not specifically exempt from price control was entitled to equitable ceilings. Under extremely disorganized conditions of trade, it proved to be impossible to apply GMPR provisions for deriving ceilings by reference to those established on similar regulations designed to cover only sales in the States, and exemptions for sales in Puerto Rico had to be obtained. The techniques of individual adjustment applicable in the States in most cases required data more elaborate than merchants in Puerto Rico were able to provide. In view of considerations such as those just noted, the simplest method of providing equitable ceilings proved to be the inclusion of the products in MPR 183. Only the symmetry

THE FINAL PERIOD

Down to the third quarter of 1943, the staff in San Juan was almost completely occupied in getting out a reasonably comprehensive set of regulations which would cover most of the important elements in the cost of living. The administration of these regulations had perforce to be seriously neglected.

Once it was evident that relatively little would be gained by multiplying regulations, effort was turned to field operations. This involved activity along three lines: (1) The enlistment of the help of Consumers Committees; (2) the setting up of price panels in the local boards; and (3) an intensification of efforts to educate merchants in the technicalities of the regulations.

The Puerto Rican price activities were still going at full operating level when the deadlock over the price control extension arose in Congress in 1946. The effect there as on the mainland was crippling, although the Insular Government made an effort to continue the OPA controls under its own laws. During the "hiatus" of July, 1946, the Insular authorities granted a number of important price increases, the result of which was to weaken any subsequent efforts of the OPA to restore full control. The remaining months of operation may, therefore, be written off as having no special significance in the historical sense, except to demonstrate the lack of wisdom, particularly in Puerto Rico, of too early abandonment of controls.

Viewed as a whole, the price operation in Puerto Rico can be considered a success, though not nearly so complete a success as it could have been if it had been better planned and more vigorously directed in its initial stages. The more important conclusions as to any possible future similar operation are these:

1. Except for the few primary producers, margin control rather than over-all price control is the practicable plan. Except through a government supply program, it is not possible to stabilize acquisition costs to a degree which would make the freeze type of regulation practicable. Standard foodstuffs can be flat-priced on a margin-control basis, and flat prices in this field are essential to control.

2. The isolation of Puerto Rico and its unavoidable dependence on the mainland for essentials makes it imperative for the government to plan in any emergency adequate stockpiles of essential foods and the immediate taking over of the entire supply program for essentials.

3. Puerto Rico consumers can be organized to give powerful support to any price control needed. This is, in part, due to their low income and desperate self-interest in low prices.

4. A price control organization can be staffed almost entirely from the island but should have a few mainland executives and specialists familiar with commodity trading.

5. Any Federal regulatory program in Puerto Rico must operate in Spanish if it is to be understood and supported by the great mass of small businessmen and their customers.

VIRGIN ISLANDS

INTRODUCTION

The most important characteristic of the Virgin Islands economy pertinent to price control is the extraordinary dependence of the islands upon imports. Practically all foods important in the consumer's budget, except meat, all clothing supplies except for minor craft work based on imported yarns, and all construction materials except sand are shipped in from outside.

The principal sources of commodity imports normally are the continental United States, the British Virgin Islands, Europe and South America. Foreign trade, except that from the British Virgin Islands, was shut off or greatly reduced by the war. Normal trade routes and commercial connections were disorganized.

The nature of the marketing structure is to some extent unusual. The number of importers in the grocery trade has always been few. Most important retailers are importers. They sell at retail on their own account and at wholesale to hucksters. An organized wholesale market does not exist for most commodities. Normal markups tend to be relatively high, due in part no doubt to the combination of importing functions with retail distribution in the same firms.

The economic significance of price control in the Virgin Islands was to a certain extent, local. Commodity exports from the U. S. Virgin Islands are not large in terms of the magnitudes usually associated with inter-regional and international commerce. Price control in the U. S. Virgin Islands, however, had some foreign importance. A group of British, French, and Dutch Islands were dependent on St. Thomas as a distribution center.

The U. S. Virgin Islands are important as military bases and were

acquired from Denmark for this purpose in 1917. A considerable amount of military construction was undertaken in the islands during the war. A submarine base was developed in St. Thomas. Air bases were built in St. Thomas and St. Croix. Fortifications were intensified. For a time, the port of Charlotte Amalie was used as a point of trans-shipment of bauxite enroute from Dutch Guiana to aluminum production centers in the United States and Canada. Price control of military supplies, such as petroleum products and building supplies, was an important function of the activities of the Office of Price Administration. Efficient Price Control in the Virgin Islands, therefore, helped to prevent an undue spiraling of the national debt.

Social and political values were also involved in the price program in the Virgin Islands. It was recognized that the citizens of the Virgin Islands are entitled to the same economic protection as that accorded their fellow citizens on the mainland. For that reason our government made every effort to preserve the morale and economic welfare of the modest population of the Virgin Islands as part of our democratic way of living.

PRICE REGULATIONS

The dependence of the U. S. Virgin Islands on imports of necessity influenced the price control program.

(a) The greater part of price control activity had to be concentrated on the prices of commodities shipped in from outside sources.

(b) The control of inflation in the Virgin Islands was dependent fundamentally on the success of the price control program in Puerto Rico and the continental United States.

The propinquity of sellers and the directness of their contacts with the Office of Price Administration simplified the problem of trade education with respect to the various price regulations.

Relationships between businessmen and the Office of Price Administration in the U. S. Virgin Islands were on a highly personalized plane due to the small number and the compactness of sellers. Most lines of producers' goods and many lines of consumers' goods are handled by only a few concerns. To some extent, this reduced the need for a large number of price regulations and enabled the Office of Price Administration to exercise its functions consistent with the preservation of individual variations present in the normal structures.

Four major price regulations issued by the Office of Price Administration were made applicable in the U. S. Virgin Islands:

(1) General Maximum Price Regulation, as amended;

(2) Maximum Price Regulation No. 201, as amended;

(3) Revised Maximum Price Regulation No. 395, as amended;

(4) Maximum Price Regulation No. 395-A, as amended.

In addition, a few of the continental price regulations covered sales in the Virgin Islands, notably certain of the regulations governing the prices of second-hand and used commodities:

1. Revised Maximum Price Regulation 139 - covering sales or rental of used household mechanical refrigerators.

2. Maximum Price Regulation 372 - covering sales or rental of used domestic washing machines.

3. Maximum Price Regulation 380 - establishing maximum prices for used metal coil and flat bedsprings.

4. Maximum Price Regulation 429 - establishing maximum prices for certain types of used consumer durable goods.

5. Revised Maximum Price Regulation 165 - covering services.

6. Revised Maximum Price Regulation 341 - establishing maximum prices for used commercial vehicles.

Most of the maximum price regulations applicable in the continental

United States, however, did not extend to the Virgin Islands. The development of the pattern of price control in the Virgin Islands followed a somewhat different trend.

1. General Maximum Price Regulation, as amended. The General Maximum Price Regulation, freezing the prices of most non-agricultural commodities at the March 1942 levels, was applicable to sales in the Virgin Islands on May 11, 1942. Shortly thereafter, effective June 26, 1942, the base date of price freeze under the General Maximum Price Regulation was changed to April 10-May 10, 1942, for the Virgin Islands in order to prevent a squeeze on importers' margins due to higher replacement costs of goods. This action was not sufficient to meet the needs of the Virgin Islands. Consequently, a technique of flexible pricing responsive to variations in landed cost was developed along the lines of the Alaska regulation, Maximum Price Regulation 194. The Virgin Islands regulation for imported commodities was termed Maximum Price Regulation No. 201 and became effective on August 17, 1942.

The General Maximum Price Regulation had a constantly diminishing coverage in the Virgin Islands. The importance of this regulation being confined to a few locally produced articles and a few service rates including certain contract carrier rates. Its coverage in the Virgin Islands was further reduced by the applicability on August 1, 1944 of Revised Maximum Price Regulation No. 165, which covered most services formerly under it.

2. Maximum Price Regulation No. 201, as amended. On August 17, 1942, Maximum Price Regulation No. 201 governing the sales of most imported commodities became effective.

The basic formula of this Regulation allowed the seller to add to the direct cost of imported goods the dollars-and-cents markups obtained by him for the same or similar commodity in the thirty days prior to

Pearl Harbor (November 7, 1941 to December 6, 1941). The Regulation applied to any commodity for which a maximum price had been established in the continental United States and which was not actually manufactured or produced in the Virgin Islands of the United States. Any seller offering a commodity for which his maximum price could not be determined in accordance with that formula was required to apply to the Office of Price Administration for authorization of his price. Self-pricing rather than pricing by petition was by far the more important of the methods established in the regulation.

One advantage of this flexible method of pricing was that no serious price obstacle to the supplying of the Virgin Islands was imposed during the critical months of the shipping shortage. A price freeze might have led to serious supply complications. Rigid dollars-and-cents prices, applying either to individual firms or on an industry-wide basis, were unworkable at that time in view of the unstable landed cost of most commodities. In time, Maximum Price Regulation No. 201 was amended to supersede all other regulations insofar as imported commodities were concerned. Section 1418.111 of the Regulation, as amended, read as follows:

> ("The provisions of this Maximum Price Regulation No. 201 shall supersede the provisions of all other maximum price regulations, except where other maximum price regulations provide that notwithstanding Maximum Price Regulation No. 201 such other regulation shall be applicable in the Virgin Islands of the United States.")

Costs were abnormally unstable during the period of the serious shipping shortage for a number of reasons:

(1) Normal trade connections with the Continental United States were broken. The Virgin Islands became abnormally dependent on Puerto Rico as an intermediate supply point. The landed costs of goods reaching the Virgin Islands from Puerto Rico are normally higher, item by item, than those of arrivals direct from the mainland,

because extra wholesale margins and additional storage, warehousing and transportation expenses are incurred in Puerto Rico. Goods imported from foreign countries are also landed at higher cost because of the peculiar nature of the customs laws applying to the Virgin Islands. Imported goods are taxed on a straight 6% ad valorem basis in the Virgin Islands, whereas all of the continental tariffs apply in Puerto Rico.

(2) Cost of goods which continued to arrive from the mainland were higher-than-normal and uncertain. Normally, the Virgin Islands are principally dependent on traffic out of the port of New York, but this traffic was seriously interrupted. Goods were shipped, instead, overland to Miami or Pensacola or Galveston and thence to the Virgin Islands, possibly by way of Puerto Rico rather than on a through bill of lading. Miami is as far from Charlotte Amalie, St. Thomas, as New York, N. Y. These additional costs, although necessary in the procurement of supplies, were nonetheless productive of price increases.

(3) Some of the customary features of export sales contracts were dropped and credit practices were changed, perhaps in violation of OPA regulations. The reasons for this are obvious. Many commercial connections with the United States were lost, at least temporarily, and the Virgin Islands are so small and numerically unimportant that the continuance of export trade was not considered to be of primary importance by most continental firms. The demand for goods within the continental domain was so great that there was little inducement to export. In addition to the disruption of normal transportation routes and methods, importers in the Virgin Islands were definitely at the mercy of the continental exporter.

(4) War Risk and maritime risk rates were shifted from time to time. The entrance of the War Shipping Administration into the inter-territorial field and the limitation of allowable war risk costs to WSA levels tended to stabilize and reduce costs. This feature of war risk insurance was not initially successful, however, in the Virgin Islands because many exporters were reluctant to take out WSA open cargo policies. Binder contracts were difficult and expensive to procure, and Virgin Islands importers were too weak financially or too custom-bound to work out procedures for insuring their imports themselves. The illegality of including in prices any incurred war risk insurance costs in excess of WSA rates was moderately deflationary, but resulted in a problem of cost absorption and margin squeezes in the Virgin Islands. This problem was eliminated when private insurance rates came into line with WSA rates.

(5) The severance of steamer communications with the continent produced, for a time, an abnormal reliance on schooner transportation. The critical supply situation in the fall and winter of 1942 made it necessary to secure administrative relaxation of the freeze on schooner rates (Private Carriers) at the March or April 10-May 10 levels. The Office of Price Administration had to take a more liberal attitude toward rates for shipping to and from the continent than among the Caribbean islands under the U. S. flag. Long distance schooner rates averaged about four times the steamship rates for equivalent cargo space. Percentagewise, the substitution of schooners meant an especially heavy increase in the landed cost of bulky low-valued goods. The reflection of such rates in the prices of high-valued goods of small bulk was modest. The importation of certain types of commodities was seriously

restricted by this substitution.

(6) New marketing channels were worked out within the Virgin Islands. St. Thomas importers were aggresive in obtaining cargo space. The commercial relations between St. Croix and St. Thomas are not extensive normally, but St. Croix was placed in a position of abnormal dependence on St. Thomas. Increases in the landed costs of goods reaching St. Croix naturally reflected the change in marketing channels.

The earliest price activity in the Virgin Islands consisted in making MPR 201 a workable regulation. There was some scepticism about a cost-plus regulation of a very comprehensive character, such as MPR 201 but through a series of educational measures, a high degree of compliance was attained.

The most important revision of pricing methods under Maximum Price Regulation No. 201 was brought about by Amendment 5, effective February 9, 1943, which delegated to the Territorial Director the authority to issue price orders to firms selling products which were new to them and possibly to the economy as a whole or for which they lacked necessary records. A great many individual schedules of considerable significance were issued under this authority. While these schedules applied to particular firms rather than the industry as a whole, the number of firms in a given field is sometimes so small that the schedule for a single firm actually controlled the price of the article in the Virgin Islands.

Continuing emphasis was placed on the tightening of control under MPR 201 with respect to:

(a) Prohibition of the pyramiding of horizontal markups.

(b) Basing "in-line" dollars-and-cents markups for newcomers upon the markups of sellers importing and distributing the bulk of the supply. This Discouraged poor buying.

(c) Employing the use of formula markups by categories on prices for new sellers and for sellers who could not properly establish prices.

One of the most significant accomplishments of this period was a comprehensive and exhaustive study of the feasibility of rewriting the Grocery Regulations to use percentage rather than dollars-and-cents markups. The proposal to shift to a percentage markup regulation was suggested by the Regional Office, since elsewhere percentage markups had resulted in simpler and more uniform pricing. However, facts revealed that in the Virgin Islands percentage markups would have offered an incentive to increase indirect and consequently more costly importing from Puerto Rico, and would, because of the merchants' long-time familiarity with the pricing technique of MPR 201, have created enforcement problems that might have extended well into the Reconversion Period.

3. Revised Maximum Price Regulation 395, as amended. Maximum Price Regulation 395 was the culmination of the efforts of the Price Division to improve existing controls under the General Maximum Price Regulation and MPR 201. Prices based on pre-Pearl Harbor dollars-and-cents markups were gradually replaced by specific price ceilings and percentage markups. Attention was also given to the relief of trade groups squeezed by the April 10-May 10, 1942 ceilings under the GMPR. Each trade or community presented a series of problems. Extensive price, cost and profit studies were made and lengthy consultations held with Cooperating Committees of the Grocery, Dry Goods and Apparel Trades, the St. Croix Livestock Association, Butchers, Poultry Raisers, Tire Dealers, Representatives of Sellers of Services, etc., prior to issuance of specific price regulations devised to fit the characteristics of the particular industry.

During the period July 1944 to June 1945, the Price Division continued to direct its attention toward the strengthening of existing controls. A

major phase of the price program was the conducting of detailed surveys of cost structure of privately imported grocery commodities essential to the cost-of-living in the Virgin Islands, in order to determine the feasibility of replacing pre-Pearl Harbor markups for these commodities by the institution of flat dollars-and-cents ceilings under MPR 395. Hitherto, because of supply and transportation difficulties, only grocery commodities imported and distributed by the Office of Supply (formerly the Office of Distribution) were placed under flat ceilings. These surveys revealed that a large number of privately imported grocery commodities are purchased at the manufacturer's level of prices and that the direct cost was fairly stable after steamer transportation became available. The program of flat pricing privately imported grocery items essential to the cost of living in the Virgin Islands was launched. At the outset, there was considerable opposition from a small group who were unwilling to sacrifice their individual pre-Pearl Harbor markups for uniform prices. This opposition was, however, partly overcome and a great majority of merchants became in favor of flat prices. The establishment of specific ceilings eliminated the store-to-store variations in retail prices because they were precise, simple and understandable to both buyer and seller and simplified enforcement.

Maximum Price Regulation 395 was revised on May 23, 1945 in order to delete certain sections because the material therein was repetitious; and to rearrange various sections in order to group similar commodities.

The types of price control embodied in MPR 395, as amended, followed three patterns:

(a) Specific dollars-and-cents prices;

(b) Cost plus percentage markups;

(c) Cost plus dollars-and-cents markups.

4. Maximum Price Regulation No. 395-A, as amended. Maximum Price

Regulation No. 395-A, as amended, originally effective February 11, 1944, established dollars-and-cents ceiling prices for rum produced in the Virgin Islands and shipped to the continental United States. This regulation helped to stabilize the rum market in the continental United States.

5. Export Price Control in the U. S. Virgin Islands. Amendment 7 to Maximum Price Regulation No. 201 and Amendment 13 to Maximum Price Regulation No. 395, effective February 20, 1944, established an equitable procedure for determining export prices of commodities regardless of where the title passed. The British Virgin Islands, Anguilla and the French-Dutch island of St. Martin, especially are closely connected in commerce with the United States Virgin Islands. These amendments promoted the stability of prices in the United States Virgin Islands, eliminated undue price advantages growing from unregulated export sales and prevented drains of needed commodities due to artificial price differentials.

BUSINESS TRENDS - June 1945

Dry goods stores in the Virgin Islands in the summer of 1945 experienced a business decline due to temporary unemployment which reduced purchasing power. With the cessation of military projects and the withdrawal of the Works Project Administration of the Federal Works Agency, employment was eliminated for approximately 1500 employables despite the induction of hundreds of Virgin Islanders into the Armed Forces. The sharp decline in rum sales further aggravated the situation. In St. Croix there was considerable unemployment until the cane-harvesting season was opened by the Virgin Islands Company late in January, which continued well into the month of May. That island experienced an unusually successful harvesting season.

Despite this temporary lag in employment which caused a reduction in buying power there were no business failures in the Virgin Islands. On

the contrary, an appreciable number of new firms were established during the wartime period.

DEVELOPMENTS AFTER V-J DAY

Soon after V-J Day, several grocery commodities formerly imported exclusively by the Office of Supply were returned to private trade. The stage was set for the liquidation of the entire emergency food program in the Virgin Islands and the return of all food items to private importation.

For several months prior to the ending of hostilities in August 1945, Reconversion Pricing was the main theme of OPA. The Virgin Islands, however, were not faced with the herculean task of reviewing thousands of ceiling prices for all major reconversion industries, as was the experience in the National Office. There was reconversion of a sort in the local rum manufacturing industry, due to a shrinkage of wartime markets. During the war, local rum manufacturers made bonanza profits on export sales to the continental United States. The peak in production was attained sometime during the middle of 1945. On the heels of V-J Day, there was a sharp decline in export sales and by the end of the year exports had slumped completely. In order to bolster the sagging rum industry, local rum manufacturers immediately turned their attention to new fields. Among these were the blending of perfume compounds for export to the mainland. Most of the alcohol previously used in the manufacture of rum was diverted to the production of denatured alcohol or ethyl alcohol for use in the manufacture of perfume compound. The manufacture of cordials, wines, and gin was also undertaken, as well as the redevelopment of the Bay Rum industry.

Considerable time was devoted to analysing the cost structure of these new industries and recommending fair and equitable prices for the products.

A recommendation was made to the National Office for suspension of price control in the Virgin Islands on imported or locally manufactured distilled spirits and wines, except imported American and foreign wiskeys. Controls had already been lifted in the continental United States and Puerto Rico, and the rum industry in the Virgin Islands was desirous of knowing why suspension was not granted for the Virgin Islands.

During the 1946 sugar cane harvesting season in the island of St. Croix, agricultural wages were increased 35% above the 1942 level. This action exerted strong pressure on the economy of that island and resulted in upward revisions of ceilings for charcoal, fluid milk, poultry, cattle (liveweight), and locally produced, non-federally inspected fresh beef and veal.

Charcoal producers were the first to petition for an increase in price. This increase was granted by Amendment 21 to RMPR 395. Subsequently, milk producers, the poultry and cattle industry and local butchers petitioned for adjustment in order to compensate for the increase of labor costs.

During April 1946, the suspension from price control in the Virgin Islands of the service of blending or bottling distilled spirits or wines which are exempt from price control under RSO 127 was recommended. The recommendation was in keeping with similar action taken on the mainland to exempt from price control services in connection with commodities no longer subject to price control.

The suspension of this service in the Virgin Islands was recommended in order to provide business and employment to a number of persons in connection with the blending and bottling of distilled spirits suspended from control.

During the hiatus, price control in the Virgin Islands was administered by the local government. All OPA ceilings in force as of June 30th

were preserved by the local Price Control Commission in the islands of St. Thomas and St. Croix. Slight increases, however, were registered for non-federally inspected local meat, cattle liveweight, eggs, bulk wheat flour, table butter, codfish and Santo Domingo whole and cracked corn. In a majority of instances, increases were only to the extent of passing on dollar-and-cent increases at their supplier's level. Business in general was sympathetic toward price control.

THE NEW ACT (1946)

With the restoration of controls on July 25, OPA was left with a minor role in the stabilization program. The decontrol of meat, grain, dairy products and poultry until August 20, pending a decision of the Decontrol Board seriously crippled the flat pricing program in the Virgin Islands. Moreover, the provisions of Section 2 (t) of the new Act necessitated revisions in former flat pricing techniques. "In-line" pricing was out and its substitute was "average" pricing.

Surveys were conducted in the islands of St. Thomas and St. Croix for the purpose of gathering information required in the adjustment of dollar-and-cent prices to guarantee merchants the percentage markups enjoyed on March 31 commodities on which price increases were granted at the manufacturer's level. Also, a survey of commodities under MPR 201 on which price increases were granted at the manufacturer's level was undertaken and where increased costs impaired markups by 5% or more, an amendment to RMPR 395 was drafted establishing flat prices or percentage markups equal to those enjoyed on March 31.

The establishment of percentage multipliers for the various categories was considered the most feasible method of revising prices in view of the small staff. Increases in conformity with 2 (t) were numerous.

Strict adherence to the requirements of the Act created new price problems. The necessity of considering average acquisition costs and

the percentage markup realized on March 31, 1946, in establishing dollar-and-cent prices, coupled with shifting and unstable sources of supply, made the tasks an interesting but time-consuming one. Under the former Act, if a section of Virgin Islands importers obtained supplies from the wholesaler-jobber level in the continental United States or Puerto Rico, and a representative group of importers purchased from the manufacturer's level sufficient supplies to adequately meet the demand, prices were established based on costs at the lowest or most economical source of supply. Under the New Act, this procedure was no longer possible. In establishing prices for the trade, the average current cost of acquisition of a commodity had to be computed.

Bread - An increase in bread prices was the first major problem. Sharp advances in flour prices on the mainland with pass-throughs at the wholesale and retail levels justified an upward revision of bread prices in the Virgin Islands. Consequently, an increase of one cent on loaves weighing 1 to 2 pounds, two cents on loaves weighing two pounds, and an increase of one cent for each additional pound on loaves weighing over 2 pounds together with a one cent increase per dozen rolls as stipulated by Amendment 9 to RSR 148 was permitted local bakers, effective October 1, 1946.

Meat - Effective September 9, 1946, meat prices in the Virgin Islands were rolled back to their June 30 levels. This action brought a wave of protest from the St. Croix Livestock Association. Approximately 90% of the island's cattle raisers are members of this Association and they control 95% of the available cattle supply in St. Croix. The Livestock Association processes cattle through the St. Croix Abattoir for shipment to Puerto Rico and St. Thomas and sell cattle to local butchers. The Association refused to return to former liveweight ceilings although no request for an increase in price was made. Consequently,

consumers and public institutions experienced 9 meatless days, after which tempers reached the breaking point.

On September 18, representatives of the St. Croix Livestock Association conferred with OPA officials, at which time members presented strong and convincing arguments in justification of an increase of 1-1/2 cents per pound liveweight. Formerly, cattle sold to local butchers were subsidized to the extent of 1-1/2 cents per pound. However, with increased labor and material costs affecting the operation of the Abattoir, severe and prolonged drought conditions which appreciably reduced the weights of marketable cattle necessitated the discontinuance of the subsidy. After a careful analysis of the industry, their requested liveweight price was granted and butchers' prices for non-federally inspected meat were revised upward to compensate for the liveweight increase.

Other commodities - Effective August 30, 1946, gasoline, kerosene and diesel oil advanced one cent per gallon at the wholesale level, with a resultant increase at the retail level in the Virgin Islands.

Kraft and Borden Cheese advanced from a retail price of 50 cents per pound on June 30th to 70 cents per pound, with American Cheddar and Swiss retailing at $0.72 and $0.85 per pound, respectively. Eggs, irrespective of grade advance to $0.08 each in St. Thomas and to $1.00 per dozen in St. Croix.

THE BEGINNING OF THE END

The President's announcement on the evening of October 14th that effective October 15th, livestock and food and feed products therefrom would be removed from price control, followed by the rapid decontrol of all foods and beverages with the exception of sugar, corn syrup, and molasses syrups and rough and milled rice resulted in a complete collapse of the flat pricing program.

A survey had been completed for the purpose of establishing percentage multipliers on radios and hardware items. Shortly thereafter, radios and hardware were decontrolled.

The decontrol of livestock and its products and practically all foods and beverages resulted in sharp increases in the price level.

This unexpected and sudden removal of controls had serious effects on the economy in the Virgin Islands. The laboring man who looked forward to a better standard of living on the $2.40 a day minimum which the new public works program guarantees, has seen his real wages diminish daily.

THE RETURN TO A FREE ECONOMY

On November 9th, after five years of wartime controls, President Truman in a sweeping move terminated price controls on everything except sugar, syrups, rice and rents. Controls in the Virgin Islands, of course, are limited to sugar, syrups, and rice, inasmuch as federal rent controls were not extended to these islands. The President's momentous decision was not predicated upon the equalization of supply and demand - the latter far exceeds the former.

The return to a free economy has resulted in spectacular rises in the prices of several commodities in the Virgin Islands, and further increases are anticipated. Example: lard which had been controlled at 24 cents per pound leaped to 68 cents; table butter (Danish), formerly 95 cents soared to $1.35 in one establishment; red beans, formerly 18 cents per pound jumped to 23 cents; bacon, formerly 59 cents per pound advanced to 80 cents. While some prices have reached the stratosphere, others have increased modestly. Recession is bound to follow sooner or later. The present sellers' market which exists in the Virgin Islands is expected to continue for quite some time.

CONCLUSION

In spite of adverse criticism and in spite of mistakes made by the Agency, Price Control made a lasting contribution to the Virgin Islands.

The Virgin Islands have derived great benefits from the institution of federal price controls. Aside from curbing inflationary tendencies in these islands which are at the end of the line and must rely almost solely upon imports for their existence, Price Control has been responsibly for social and political advances in the Virgin Islands. People in all walks of life were awakened from their apathy to community affairs and were brought together for the first time to discuss vital problems affecting their community, and to participate in the functioning of price control. They served on price boards, as price panel members, community service members, etc. Moreover, the program made consumers price conscious and in the post-war world many of them will be able to realize consumers' surplus by being alert. In general, being a people's program, Price Control brought democracy in action to the Virgin Islands.

The OPA also served to improve local business methods, heretofore archaic in many respects. It taught the majority of business establishments, which previously kept only sketchy records, and in most cases none at all, how to prepare and preserve records and to purchase from economical sources of supply.

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ALASKA

INTRODUCTION

There are reasons, both geographical and economic, why the building of an OPA price structure for the Territory presented unique and difficult problems. Geographically, Alaska is a big territory. Its 586, 000 square miles make it but little less than one-fifth the area of continental United States. In this vast territory live a relatively few people. The census of 1939 gave the number as 72,000-- of which approximately half were white. The best estimates for the peak war years set the civilian population alone at 100,000. It is useless to even try to estimate the size of the military population over this same peak period, which period encompassed almost the entire four and one-half years of OPA operations in Alaska. An example of how population figures were upset and swollen during these years is to be seen in Juneau's graph. Alaska's capitol, and largest city before the war, with a population of approximately 5,000 in 1939 -- its population reached a figure of between 8,000 and 9, 000 at the height of war-time activity in Alaska.

Most of Alaska's population has been concentrated in and around fourteen major communities, several of which were and still are adjacent to large military and naval installations -- presenting problems not to be found elsewhere in the country. Added to this situation was the further inflationary factor that Alaska itself was a critical war zone, necessitating the expenditure of millions of dollars monthly for defense projects. So, as can readily be seen, Alaska's consumer purchasing power during OPA's tenure, 1942 through 1946, was at an all time high in the history of the Territory. Thus the inflation potential with which OPA had to deal was tremendous.

Procurement of goods and commodities to supply the demand of con-

sumers and war contractors during this period is a story in itself, a colorful story which has no American counterpart even in the other Territories and Possessions, where more adequate agricultural production, transportation facilities and more accessible population centers greatly simplified both supply and merchandising.

It is an established fact that Alaska has the greatest import problem of any of the Territories,, with fully 90% of the commodities used in Alaska being shipped into the Territory from or through Seattle and sold at the retail level. Alaska production is confined almost exclusively to the extractive industries: fishing, lumbering and mining, etc. Although a certain amount of agricultural activity had been established, production of foodstuffs in and for Alaska falls far short of that of the other Territories and is only a drop in the bucket so far as Alaska's own needs are concerned.

The problem of supplying the Territory with its required commodities, even with full use of customary transport facilities, is complicated again by the vast size of the Territory and the varying problems of landing goods at their destination in different areas. Southeastern Alaska and the Coastal areas as far west as Kodiak present few difficulties in this respect, as in these areas steamers ply back and forth from Seattle with reasonable regularity of schedule. So too the railroad belt, extending from the ocean terminal at Seward to the interior of Alaska, has had reasonable assurance of frequent and sufficient shipments of food and other necessities under normal strike-free conditions. Then too, air transport has been utilized to some extent, to supplement customary freight carriage by boat.

But even under normal shipping conditions areas other than those just mentioned have many and complex transport problems, with complications

brought on by sheer geography and the seasons. In the farther reaches of the Aleutian Islands, in the Bristol Bay and Seward Peninsula areas, in the entire northern extremity of the Territory extending from the Bering Sea to Point Barrow.....also in the interior reached only by the great inland rivers, the Kuskokwin and Yukon, these unique problems are ever present. In these regions only two or three boats each-year can be counted upon to bring in the full year's supply of merchandise and this must be done during the two or three months of late summer and early fall open water. This short shipping season is further complicated by the necessity of lightering shipments from ship roadsteads to beach at all points north of the Aleutian Islands, and transhipping inland by barge, small boat or river steamer in many instances. Stores in these regions are by midsummer building up their stockpiles of food and other necessities which must last the surrounding trading areas until navigation opens again the following summer. This means that for these stores there is a single annual turn-over of goods, the economic drawback being that the merchant has to maintain himself within this economy at the added cost of invested funds lying stagnant for long periods.

The customarily high transportation costs reflected in goods shipped to Alaska, with the second factor of slow turnovers in many areas, are not the only items which contribute to the higher cost of doing business in Alaska. Wages, for instance, have always been abnormally high in the Territory. Fuel is higher too, and, because of the climate in all but the southeastern and some gulf areas, used much more extensively than it is in the States. In only a few sections of the Territory is coal produced in sufficient amounts to meet the fuel needs. This means that oil, produced outside, is Alaska's chief fuel. This must be brought in by ocean tankers and steamers, even to the many isolated sections where it has to

be delivered in big drums and transhipped from ocean steamer to river boat.

To digress for a moment, one of the more famous landmarks of Alaska, as seen from the air, are the mountainous piles of empty oil drums surrounding these isolated trading posts and communities. As they accumulate they are put to unique usage by the inhabitants of these areas.... they are utilized as stoves, as foundations for board sidewalks over the muddy tundra wastelands upon which so many of Alaska's far-north communities are built, and even pontoons for barges or to float buildings from one shore to another.

But to return to the subject of higher cost of doing business in Alaska -- whether figured separately or together, almost every item which comes under the head of "overhead" and general operating expense, and must therefore be covered in the retailers' markup, is higher in Alaska. Not only is it higher in Alaska than it is in continental United States, but it varies even among Alaska towns, according to their distances from the source of supply and unloading point and from each other. It is needless to point out that all of these factors had to be taken into consideration in the building of a price structure that would fit the wide divergences in even the peacetime economic conditions of the different sections of Alaska.

Moreover, the war itself brought an increase in both external and internal costs of operating retail stores in the Territory. In the summer of 1942, when OPA was just beginning to take shape, war risk insurance rates ranged in cost from 3½% of the cargo value in Southeastern Alaska to as high as 18% in some of the more remote areas, in which war hazards were greater. Even prior to the first indication of war with Japan, Alaska was dealt a stiff body blow by the Maritime Commission, which imposed a

45% surcharge on the already high cost of getting goods into the Territory. Fortunately, through the intervention of Alaska's Governor, this rate was later greatly reduced. Otherwise this would have been a very costly item involved in Alaska's base period price picture -- that of November 1941 preceding Pearl Harbor. Wages for freight handlers and all types of labor, under the stimulus of competition for manpower for defense projects, rose to new heights. And, as the manpower shortage increased, it became necessary for the transportation companies to hire inexperienced men as handlers of freight both on the boats and at the various ports of entry. This resulted in unusual losses from breakage, spoilage, and pilferage. The necessity of giving priority to shipments of material consigned to the Army and Navy and to defense contractors resulted frequently in retailer shipments being left on the docks for weeks at a time, with resultant losses from further spoilage of merchandise. When WSA took over all shipping to Alaska, there was a tightening up of the processing of claims for damages or losses in transit, and this delay became an added charge to the overhead of the Alaskan merchant.

The resultant picture, was, therefore, that of retail merchandising in Alaska being on an extremely high cost basis. And, in terms of writing regulations and setting flat prices for Alaska, it meant the OPA Price Division had to take into consideration many more price factors than did any Price Division operation in any OPA district in mainland United States or in the other Territories. Although these conditions covered primarily increased costs to the retailer on goods shipped into the Territory, the cost situation in regard to locally produced goods was not dissimilar. The prices of most of these commodities depended on the price of others which were shipped in. For instance, the cost of producing milk was dependent on the cost of hay and feed, which, for the most

part, came from outside the Territory. Likewise the cost of consumer services of all types was dependent to a significant degree on the cost of supplies and equipment shipped in to them, as well as on zooming labor costs.

Although these many factors were known to be responsible for the high cost of living and doing business in Alaska, the extent to which each individual factor affected the overall cost was not definitely known at the time OPA came into the picture. In other words, although it was well recognized that there were special difficulties confronting the Alaska merchant, no actual analysis of operating costs was available. No economic studies of the Territory had been made. Adequate records were practically nonexistent. It was therefore necessary for the Price Division of the Territorial OPA office to start literally from scratch. It not only had to build a price structure suited to varying geographical and economic conditions, but it had to make the analysis on which that structure must be built if it were to have stability and strength. Elsewhere OPA could rely on statistics already gathered and tabulated, for in the States this economic study had already been made. Since 1914, comprehensive and regular surveys made by the Bureau of Labor Statistics had amassed the information on which price regulations could safely be predicated throughout the country.

THE ADVENT OF GMPR AND WHY IT FAILED TO SERVE ALASKA

Before the initial Alaska price job of an economic survey was even begun, the General Maximum Price Regulation was promulgated and its provisions extended to the Territory of Alaska. With even the limited insight the Alaska office had into the complete economic picture in the Territory, it was apparent that GMPR was completely inadequate as a basic regulation for Alaska. Under it, the northern or "freeze-up" section of the Territory, whose economic complexities have been described to some length in a previous

paragraph, were as much subject to its provisions as the New York Metropolitan area. Obviously the uncommon circumstances and wide divergences of Alaska trade practices generally pointed to the unworkability of a basic price regulation patterned to fit conditions in the States. For equally obvious reasons the possibility of making any one freeze selling price for goods shipped into the Territory for resale was precluded, no matter what base period was adopted. With both Regional and Territorial offices just being set up and only partially staffed there was no time to bring about the necessary modification of GMPR, liberal as were its adjustment provisions, under which it might have been expected to do a service for Alaska.

It should be pointed out, however, that GMPR was put to limited use in Alaska, in that goods produced and used in the Territory remained subject to its provisions, frozen to the highest selling price that each individual dealer had had during the month of March, 1942. Services also remained under GMPR with March '42 as the base period until the summer of 1944.

MPR 194 REPLACES GMPR

The Regional Office in Washington, in the absence of a Price Staff in the Territorial Office, wrote and promulgated Maximum Price Regulation 194, as the solution to that problem. Based upon a regulation adopted by the Canadian Government to meet somewhat similar trade conditions in Northern Canada, it was adopted in July 1942, and became effective on September 1st. Because of the difficulty of getting it into the hands of merchants in the hinterlands, the regulation was subsequently amended to make the effective date October 1, 1942.

MPR 194 applied only to merchandise imported into the Territory for resale, which, in the Alaska economy, means about 90% of all commodities consumed in Alaska. The basic difference between MPR 194 and the stateside "freeze" regulations was that it froze the markup, rather than the selling

price, and, for reasons heretofore given, established the month preceding Pearl Harbor as the base period. Thus, at one stroke of the pen, so to speak, two important steps were taken to protect the retail merchant from the ruinous "squeeze" that would have developed under GMPR. It also protected him against increases at the wholesale level that had occurred prior to the freeze date outside, but which, because of his distance from his source of supply, the Alaska retailer had not been informed of in time to effectuate comparable increases at the retail level. And too, it protected him from fluctuations in shipping charges, over which the OPA exercised no controls.

In other words, under MPR 194, the Alaska merchant was allowed his acquisition cost, even though it had increased since the base period, but he was frozen to the dollar and cents markup he had set for himself in the month preceding Pearl Harbor, for the same or comparable merchandise.

MPR 194 was far from being a perfect regulation, but when one considers that it had to be written without benefit of an economic or merchandising analysis, it is apparent that it had its virtues. Its reporting requirements were burdensome and evoked loud and raucous complaints from merchants caught in a labor-short crisis, but it did protect them from the economic collapse that would inevitably have followed had they been obliged to operate under the GMPR. In spite of MPR 194's flexibility, which made it possible to follow the same general operating technique from Ketchikan to Barrow and points intermediate, it permitted some serious inequities. For an example, it offered no means of reducing prices in the boom towns: Kodiak, Anchorage, Sitka and such places, where inflationary prices and fantastic markups were already established during the month before Pearl Harbor. In these places it actually tended to legalize prices that were definitely far out of line from those in such other sections of the Territory as had not felt the influence of defense projects prior to November 1941.

It required considerable working over as the program progressed, but as a basic regulation it was at least as good for the area it covered as GMPR proved to be for the States. And, with the launching of the Specific Prices Program, most of its bad features became unimportant. Subsequently, revision of the regulation itself removed most of its "burrs".

Only a limited amount of goods produced within the Territory is used in it. Alaska-produced and consumed goods consist mainly of such things as bakery goods, milk and cheese products, and some minor manufactured lines of merchandise. Most of the products from the so-called extractive industries, previously mentioned .... canned and frozen fish and fish products, fur, lumber and similar commodities .... are for the most part shipped outside for consumption, at least they were during the early years of the war. Such locally produced commodities as were used in Alaska remained under GMPR, unless subsequently put under specifics, as was the case later with bread sold in some areas.

There were, of course, other regulations of general applicability to Alaska, several of which became in the course of time very important, but after the adoption of MPR 194 most stateside regulations were superseded by it. Only a few of the national regulations were applied to Alaska. The most important of these will be mentioned subsequently.

This was the situation "price-wise" when the Price Division of the Alaska OPA office came into being in the fall of 1942, four months after the launching of the OPA program in the Territory. It had the two basic regulations -- MPR 194 and the GMPR already in effect, providing a foundation on which the price structure was to be erected. It had also those few previously mentioned regulations of general applicability. In September, 1942, a Price Executive and a Senior Economist arrived to take over from the Director the specialized job of making the necessary economic studies of Alaska and formulating the special price program necessary for the

Territory. They found a colossal job awaiting them in spite of the preliminary work which had been done by the Regional Office, acting upon suggestions of the Director, not the least of which was revamping the existing regulations and eliminating the various and sundry features impractical for Alaska.

MPR 288 - ALASKA'S PROGRAM OF SPECIFIC PRICES

In Alaska, as in continental United States, the real remedy for the inadequacies of such an omnibus regulation as MPR 194 lay in the issuance of specific prices. To lay the foundation for a schedule of specific prices, in which it was decided to include as many cost of living commodities as possible, a master regulation, MPR 288, was drafted and put into effect in December, 1942. Its first coverage was small, serving actually to meet a particular emergency, and serving, too, for setting up the regulation itself and establishing its main provisions. Then began the long history of amendments, each of which added new commodities to the list under specific prices. In all, specific prices were set on approximately 3,000 separate items, sometimes meaning 14 different area prices for each, before the price control program ended. Included in these was the complete revision of the specific prices on all dry groceries, also canned fruits and vegetables, soups, juices, etc., completed and promulgated just before the passage of the Renewal Act, under which many of the commodities' prices were summarily removed from control. It also included the new meat prices established when meat was restored to control, but which were cancelled out even before their publication in the Federal Register, by a subsequent decontrol order.

The task of writing specific price schedules for the Territory was in no sense as easy as it may sound, and was a task in no way comparable to that of writing specific price schedules in the States, where three prices were established, based upon the type of operation and volume of business, and using a multiplier established on the findings of statis-

tics already assembled and tabulated. In Alaska, the problem of transportation costs, different in every town, of "freeze-up" areas with business conditions and operating costs undreamed of in the States, plainly pointed up the impossibility of adopting stateside procedures. The method that came ultimately to be used, after months of study, was to select 16 principal communities, two of which .... Juneau-Douglas and Skagway-Haines .... are really twins. Then the ceiling price of an item was figured for each of these towns, based on its wholesale price in the Port of Seattle, from which all shipments at that time were made, to which base was added the cost of landing goods to each of the 14 communities. To that figure was added an increase, on a percentage basis, which corresponded with the historical markup used for each commodity in that particular community.

This latter figure was secured as a result of a careful, painstaking economic study of the costs of doing business in that particular community. The collection of data on which these studies were made was done principally by Board Clerks and District Office personnel, under careful directions formulated by the Price Division. But, in addition to this, trade meetings were held in the principal towns of the Territory for the purpose of securing merchant reaction to the proposed prices before they were adopted, and valuable suggestions made by the merchants themselves often led to revision of the schedules to cover unforeseeable costs of doing business in some particular community. In other communities, surveys were made by Board Clerks and other Price personnel and in the more remote and isolated areas, by Price Aides, to sample public opinion on the proposed prices. All of this procedure was time-consuming, to an inordinate degree, in the disrupted transportation and communications systems of war-time Alaska, but it was necessary if the economic balance of the Territory were to be preserved. And, short-

staffed as the Price Division was at this crucial period, it accomplished its task with surprising smoothness and celerity.

Specific prices were particularly important in Alaska. In small towns, where the extension of generous credit was quite prevalent, and contacts quite personalized, consumers were hesitant to complain directly to merchants, or to price panels made up of their friends and neighbors. Investigators and Inspectors were seldom able to work in the more remote and less accessible communities for any length of time, and checking the compliance with ceiling prices under MPR 194 where records were scarce and inadequately kept, not only took a lot of time but was a difficult job even for the most astute Board Clerk. The tendency to resort to law and litigation is notably weak in Alaska, especially in the smaller, "more neighborly" towns. Only a very few Administrator's Own Treble Damage actions ever were filed in the Territory and complaints against merchants, both to price panels and the OPA offices were usually accompanied by the urgent request that the name of the complainant be kept out of all actions against the violator. So in general, specific prices were conducive to certainty of compliance and, as a group, Alaska merchants were so apprehensive of disorderly and inflationary prices and the effect of them on their post-war position, that specifics were welcomed by them generally.

REGULATION OF FISH PRICES IN ALASKA - MPR 418

While setting of specific prices was carried on continuously from December 1942 to the end of the price control program and formed, during these four years, a major part of the work performed by the Price Division, it was by no means the only work done by the Division during this period. Its attention to the problem of prices for fish was also of great importance, and this phase of the work, though more or less seasonal, was perhaps productive of more headaches than ever came to it as a result of its sustained and continuing program of specific pricing. Fish is important in the economy

of Alaska. It ranks far ahead of gold, even when the demands of the trade are normal, and, in the face of world-wide war, and incessant demand for more and more proteins, market demands for this succulent food have been far from normal.

Because Alaska fish were going to the markets of the world, through lend-lease purchases, the whole problem of pricing it at all levels became a national, rather than a territorial one. Because of this the prices were set by the Fish Section of the National Office. The Territorial Office did yeoman service in gathering and compiling data on fish operations, at all levels, and analyzing, at first hand, the situation that existed up and down the coast.

To some of the fishermen, who were greatly restricted by the prices later set by MPR 418, the national regulation which was made applicable to Alaska, and the price set for the canned product did not make sense at all. They believed to the end of the program that the figures had been set with less than even-handed justice. This is a cry not unfamiliar to Alaskans. It rings through every session of the Territorial Legislature and drives the nails into many a party platform. And OPA personnel heard its ringing too, with clarion clearness throughout all its places of operation.

The fishermen admitted that the prices set by MPR 418 were higher than those prevailing prior to the outbreak of the war. Their main gripe lay in the fact that prices were sharply reduced from the level they had reached before the issuance of MPR 418. It was useless to point out to them that the established price gave them an income comparable to that attained by high salaried workmen in other lines. The fishermen believe in price control, but ... like so many others who have given the program vocal support, they believed in it for the things they bought, more intensely than for the things they sold.

The imposition of prices for fish under the national regulations made applicable to Alaska, of which MPR 418 was the most important, in an industry

rife with stiff and sometimes cruel competition, brought many arguments to the fore regarding historical practices. Being on the scene, the Alaska OPA office had to hear out all parties, to explain the National Office regulations to them, and them to the Regional and National Offices. With an overwhelming workload in other lines, no less demanding, the Price Division found this no easy task, but nevertheless gave it sympathetic and generous coverage because of the importance of fish in the diet of a world so seriously short of proteins.

A valuable by-product of the work of the Price Division in this respect is the mass of data it assembled on the fishing industry of the Territory. Such data had not previously been available from any source. It has already proved of vast value to other departments of government, and should greatly strengthen the effectiveness of both the Territorial and Federal Government in the future in their dealings with Alaska's most important industry. For such purposes, the contribution of Alaska's OPA office should provide benefits that will inure to the welfare of the Territory long after the OPA as an agency has passed into history.

MPR 165

MPR 165, which was adopted in the States in the early months of OPA operations, and which established ceiling prices for Services, was not made applicable to the Territory. Apparently this was because, at the time of its issuance in the summer of 1942, the Pric Division was, as yet, unorganized in the Alaska Office and the necessary economic study on which equitable service rates could be set could not be made. It was the expressed intention of the Regional Office at that time to have this economic study made, as soon as price staff was available, but the urgency of other pricing matters, heretofore discussed, prevented this. So Alaska remained under GMPR, in respect to the controls over service charges, through all the hectic first years of OPA's operations, when the impelling necessity of getting war projects completed

sent wages zooming skyward by leaps and bounds, under approvals granted by succeeding wage-control agencies.

Small service establishments felt the impact of the cut-throat competition for manpower keenly as their costs of operations rose. Delays occasioned by the employment of unskilled labor resulted in loss of production, and added to unit costs, while operators remained frozen to their March 1942 price levels. Applications for adjustments came thick and fast during this period, and much time and attention was necessarily spent on this phase of price operations -- provocative of bigger and better headaches, in this country where the average small operator carried his office under his hat, and records, required for adjustments, were actually non-existent.

However, the Alaska Office worked along for three years with the Services still allegedly controlled by GMPR, before the Regional Office finally yielded to the inevitable early in the spring of 1945, okayed the extension of MPR 165 to Alaska and made it the basic regulation for the control of Services in the Territory. Even then, however, it faced tremendous problems in the matter of service controls, for approved wage increases occurring during the hectic three years of war contruction, as well as unauthorized increases forced by competition with war contractors, could not always be absorbed -- and the demand for adjustments continued to be insistent and, at times, imperious.

MPR 194 REVISED

It was during this period too, that the Price Division found it of first importance to give attention to the revision of MPR 194 itself. The issuance of MPR 288 had operated to reduce many of the difficulties of operating under 194, but only so far as the communities covered by 288 were concerned. This included the larger towns in the coastal areas from Ketchikan to Nome, and Fairbanks, Anchorage, and Palmer on the Alaska

Railroad. Subsequently, too, the specific schedules applicable to Nome were expednded to all the Seward Peninsula areas, where lighterage charges were a factor in operating costs. But these communities by no means include the whole merchandising area of Alaska. The small villages in Southeastern Alaska and the entire coastal area as far north as Barrow, the railroad towns, the trading posts in the interior, and other merchandising establishments in the far reaches of the Territory remained under MPR 194. Under this they were frozen to their pre-Pearl Harbor markups, but allowed increases in acquisition costs. At time went on, it became increasingly hard to compute pre-Pearl Harbor markups. New goods, in no sense comparable to those customarily sold in 1941, were coming on to the market in increasing quantities, necessitating applications for prices, and otherwise resulting in mounting operating bottlenecks irritating to merchant, consumer and the OPA alike. Furthermore, no provision of MPR 194 permitted reduction in prices in communities where markups had been inordinately high during the base period.

To meet these difficulties and overcome these barriers to effective administration of the price control program, the Price Division, in the spring of 1945, issued its Revision of MPR 194. A general streamlining of the basic regulation was achieved and the worst burrs in the basic structure were eliminated by this revision. A new feature of this revision gave the merchant an alternative method of establishing his markup. If his records were inadequate to permit him to determine his dollar and cents markup for the month preceding Pearl Harbor, he could take 9/10 of his percentage markup for the base period.

Another new feature, known as the Director's Initiative, was introduced. This permitted the Director to roll back prices in communities where boom conditions had existed in the base period, to bring them into line with prices in other communities where operating costs were compara-

ble. Although the cessation of hostilities in Alaska had ended the conditions in many of the towns that created boom prices, and competition had also reduced prices to normal levels in many other Alaskan communities before RMPR 194 became effective, use of Director's Initiative was freely made in many places. Significant price decreases resulted -- also loud protests in certain areas where it was still possible "to make a killing".

OTHER IMPORTANT REGULATIONS APPLICABLE TO ALASKA

It has been pointed out that the provisions of MPR 194 and its revision had the effect of rendering most stateside regulations inapplicable to Alaska. Some few of the national regulations did remain in effect in the Territory, however, and were important factors pricewise in Territorial operations. Among these were two -- MPR 134 and 136 -- dealing with the rental of and the ceiling prices of heavy machinery used on the vast construction and road building projects of the interior. These were quite as important in these areas as the fish regulations were along coastal Alaska, and also quite as productive of headaches.

When the executive order was issued, calling for the cessation of all mining activities except those connected with strategic materials, all placer mining operations in the Territory were at once suspended. That immediately made available for resale, or rental purposes, vast quantities of heavy equipment which was urgently needed by war contractors. Fantastic stories of high prices charged for this equipment flooded the OPA office and it was found most expedient to pull out these two regulations, heretofore unmarked and unnoted by Alaskans, dust them off and streamline them a trifle to meet Alaska's needs. Also expedient was the chore of educating both contractors and owners of the machinery to the fact that ceilings had been established for them, and violations

would not be tolerated. Millions of dollars were undoubtedly saved by the government on war contracts and by private individuals in Alaska because of the operation of these regulations in those areas where vast airfields and other heavy construction jobs were underway throughout the war years and continued, in fact, until long after V-J Day.

A few other stateside regulations were now and then found to be important to the job of controlling prices in Alaska. But those above named constitute the most important "foreign regulations" that played a significant part in the Alaska price control program. Generally, the Alaska OPA wrote its own, and even the ones that were adopted from Outside invariably bore the insignia of the regulation writers who tailored the program to meet Alaska's individual needs -- Alaska's own Price Division.

HAWAII

INTRODUCTION

The operations of OPA in Hawaii were unique, in that prior to March 10, 1943, price control was under the Office of the Military Governor. OPA representatives were sent to Hawaii in June 1942 to act in an advisory capacity. The staff was gradually enlarged, however, until by March 1943, when OPA assumed full responsibility, all price operations within the Office of Military Governor were handled by the OPA staff.

Almost immediately after December 7, 1941, the Islands became a military reservation. From then on there was an increase in military personnel until it became apparent that the military was fast becoming the most important industry in the Islands. The flow of money from military personnel alone would have significantly increased volume of business and created problems of obtaining goods to meet demand.

In addition, however, there was the influx of defense workers which had been noticeable in 1941, but which was greatly accelerated in 1942. The labor shortage started a wage spiral and the increased income created a tremendous pressure on prices. Purchasing power reached a new high and volume of sales of local firms was doubled, tripled and in some cases increased tenfold.

In the early days of the war, business was disrupted considerably, boats did not arrive with any degree of regularity and shortages developed in lines where inventories had been low -- particularly on the outer islands. This situation did not last for very long, however, and adequate supplies arrived regularly after the first several months following December 7.

The inflationary situation, the disruption of normal supplies, the instability of costs all presented problems in price control with which

the OFA had to cope.

THE FIVE FACTORS [1]

To understand the economy of Hawaii one must realize the importance of the so-called "Big Five". These five firms --- Alexander and Baldwin, Ltd., Castle and Cooke, Ltd., C. Brewer and Co., Ltd., American Factors, Ltd., and Theo. H. Davies, Ltd., --- founded by early missionaries, dominate the entire economic life of the Islands.

The development of these companies began in the early days when these "factors", another name for agents, dealt with whalers and trading ships. They provided the ships with supplies and often acted as middlemen in the sale of such commodities as were brought to Hawaii. Hawaiian sugar planters generally arranged for the transportation and selling of their sugar through the captains of the trading ships.

It was a natural development, following the collapse of the whaling industry and the great expansion, that the factors were encouraged to divert their capital and to concentrate on sugar. Marketing problems, the isolation of Hawaii, the problems of supply, the risks of crop and market fluctuations, and the great outlay of capital required, all operated to induce the planter to turn to a single concern that specialize in these fields while he dealt with the primary plantation problem - maximum production.

According to Shoemaker, the long-run result of this policy was to deprive the plantation of its independence and to develop a highly integrated system which centered authority in the factors. At any rate, by 1900, two years after Hawaii was annexed to the United States, virtually all the capital in the Hawaiian sugar industry was in corporate plantations.

1/ This section is based on the U.S. Labor Department study by James H. Shoemaker, Labor in the Territory of Hawaii, 1939.

Today 35 of the 38 plantations in the Territory are managed by 5 factors, known as "The Big Five". The factors are the business agents for the plantations. They purchase supplies, finance their operations, market their produce and represent them in practically all of their business dealings. In return for these services, the factors are paid a commission, typically $2\frac{1}{2}$ percent, on all dealings on which they represent the plantation.

These five firms own and operate the Matson Steamship Line (sole water transportation link with the U.S. mainland) and a group of large hotels, act as wholesalers of a wide variety of goods, commission agents and representatives for nationally advertised lines, general importers, and insurance agents. Two of the firms imported in 1941 approximately 70 percent of the food brought into the Territory. Their positions are also dominant in hardware and dry goods. All of the factors operate, in one community or another, plantation stores and other retail outlets. They dominate both the sugar and pineapple industries which are the main industries of the Territory. In addition, various small industries, mercantile establishments, and utilities, are either operated by the factors or owned by their directors and stockholders. Typical of these are Honolulu's largest department store, a chain of grocery stores, and a large market.

Since the Big Five are managed by interlocking directorates, the control of the economy of the Islands, highly concentrated at all marketing levels, is in the hands of a very few persons.

THE ECONOMY

Hawaii possesses every element characteristic of a trading economy. The Territory is highly specialized in sugar cane and pineapple; it is insular, and its population is relatively high in income. In normal years, the total imports and exports of the Territory approximate $100,000,000 each.

Most industrial materials and manufactured consumer goods are imported, although there are some small local manufacturing activities.

The marketing structure does not differ greatly from that of any American community where the volume of manufacturing is low and most goods are brought in. Most merchandise proceeds through two usual levels, wholesale and retail. There are some seven hundred wholesale firms in Hawaii, mostly centered in Honolulu. Ninety percent of all the wholesale business, however, is carried on by one-fourth of the firms. The typical retail firm is small although the total volume of large retail establishments is substantial. In both the wholesale and retail trade there is a lack of specialization of stores. There is a tendency to combine clothing and dry goods with the sale of groceries similar to small continental communities.

For purposes of price control probably the only complex merchandising relationship was that between the islands. The small islands of Lanai and Molokai have always drawn their merchandise from Honolulu and occasionally from Maui. The other four islands normally order the bulk of their supplies from the mainland. The amount of inter-island shipping is controlled by two main circumstances - the availability of mainland shipping - and the quantity of purchases.

PRICE REGULATIONS

On March 10, 1943 the Military Government relinquished control of Hawaii and the Office of Price Administration assumed full responsibility for Price Control and Rationing.

As soon as feasible thereafter April ceilings and adjustments through appeals were supplanted by specific price regulations, applicable at first to the Island of Oahu and later to the islands outside. Attention was first directed to food prices and subsequent schedules were chosen on the basis

of volume of business, conditions within the trade, and possibilities of writing adequate and enforceable schedules. Gradually a study was completed of all OPA regulations in force on the mainland and some were adopted as applicable in the Territory. A consolidated maximum price regulation was issued for the Territory which included all existing local regulations. This master regulation became Maximum Price Regulation 373 and most of the Hawaii regulations were a part of this compendium.

In general, the procedure in writing price schedules followed one pattern. A member of the price staff was assigned the job and an industry advisory committee appointed. This group was a carefully sampled cross-section of the industry - the large, small, chain, and independent; "haole" 1/, Chinese and Japanese; the urban, suburban and rural; the cash and carry, service and delivery. The appointment of the industry committee was given wide publicity in the press.

The relationship of OPA and its industry advisory committees was a reciprocal one. Many small (and particularly alien Japanese) members of the trade sometimes hesitated to approach "the Government" directly. Though the committee problems of the industry were funneled to the Office of Price Administration. With the aid of the committee, the price analyst worked out provisions of the regulation, including a definition of "landed cost", or a decision to use invoice costs, and appropriate margins or markups. Frequently factual reports by the Accounting Division provided valuable background material on the industry under consideration.

There was a great variety in the types of provisions in the regulations issued -- for instance, there were a number of types of "landed cost". Differences result from trade practices, attitudes of the particular business

1/ The white population descendants of early settlers from the States are known as "haole".

men involved, and, of course, the progressive experience of the office under various regulations. Regulations were written, in so far as possible, in the language and terminology of the trade. For example, most grocers in the Islands (except Maui) are accustomed to a margin-on-selling price, whereas fresh fruit and vegetable merchants are accustomed to think in terms of percent markup on cost. These differences were reflected in the schedules.

Attitudes of individual members of the industry advisory committees toward the OPA differed widely, of course. Some were apparently motivated by little besides the very natural one of self interest. Others mixed a concern for their own profits with a very considerable regard for the quality of merchandising in their trade and for the protection of the general public. For example, frequently merchants objected to a provision which might open the door to "bad buying", i.e., purchases at high cost, or the entry into the Islands of merchandise of inferior quality. The continuing advice of the committee was sought from time to time in reviewing schedules as difficulties were encountered and experience revealed the necessity for changes.

After the provisions of a regulation were determined, with the advice of the trade, the Legal Division prepared the regulation and it was signed by the Territorial Director under authority delegated for Region IX. There then followed mailing out press releases, trade information hearings -- at which the regulations were discussed, and frequently the issuance by the Price Staff of a trade bulletin describing the regulation. In some cases abridgements of regulations were issued for particular portions of a trade, such as the bulletin issued on the grocery regulation to the drug, department, and hardware stores, giving excerpts of the pertinent sections. Enforcement was, of course, the last stage, and this was done exclusively by that division.

EFFECTS OF THE SCHEDULES

The effects of the schedules issued by the Office of Price Administration were complex and they were sweeping. Price schedules necessarily have some repercussions upon business methods. An example of such change, which proved highly beneficial to the trade, is the vegetable market. The merchants in this trade were historically a highly individualistic and competitive group. Under OPA procedure the San Francisco representative of Region IX forwarded by air mail, at the time cargoes were loaded, invoices of all fresh fruits and vegetables on board. These invoices were received in Honolulu well in advance of the shipment. Prices were computed on fixed margins and a trade meeting called to discuss the newly computed prices and special problems. As a result of these developments, for the first time the trade met as a body. It also became clear that once around a table much buying and selling could conveniently be done. After pricing was complete, the trade was given their invoices, and as soon as the OPA staff withdrew, proceeded with the merchandising of the produce.

The requirements of many price schedules that accurate records be kept may well leave its mark upon the Territory. Many merchants, especially the small and the alien Japanese, learned about margins and other procedures for the first time. Cost accounting data requirements in some instances led businessmen to their first careful analysis of their business expenditures.

In the sales of some extremely popular brands of merchandise, exorbitant margins had formerly been earned. The justification from the merchant's point of view was that he had incurred, usually, substantial promotional expenses and should be entitled to reap the reward. It was, of course, impossible in the framing of schedule to make exceptions for specific brands. Margins were therefore much more even as between various brands of the same type of merchandise than they were before OPA schedules appeared.

PRINCIPAL PRICE SCHEDULES

Groceries - Wholesale and Retail - At the wholesale level, groceries were divided into forty-four classes of commodities - some broad (fruits and vegetables, canned) - some narrow (popcorn). Wholesalers were permitted to take a series of specified margins on selling price on these categories, basing their computations on "landed cost" -- the sum of the invoice, not more than six months' storage in San Francisco, San Francisco trucking to the wharf, ocean freight, tolls and insurance with war risk insurance limited to War Shipping Administration rates, and, finally, a limited amount for local trucking.

The wholesale ceiling prices, thus computed, were filed with OPA. On the basis of these reports about nine hundred specific dollars-and-cent ceiling prices were fixed covering, it is estimated, about 95 percent of the volume of grocery sales. On all items not specifically mentioned (the miscellaneous odd lots of merchandise) the retailer was given a series of forty-six margins-on-selling-price, from which he computed his ceiling prices. Most margins at retail ranged from 12 percent to 25 percent, depending upon the volume and marketing problems of each commodity. These same margins were used as the basis of computations of the specific ceilings.

Only one wholesale margin could be earned in the Territory, even if the goods moved from one island to another. Thus all islands were stimulated to make their purchases from the mainland directly, although sometimes a wholesaler would buy from another wholesaler when the primary wholesaler was willing to split his margin. As a result, a retailer ordered merchandise direct from a wholesaler located on another island, whereas formerly two wholesalers were often concerned in inter-island movements, as well as a retailer.

At the retail level the Islands were zoned according to transportation costs. Due to the war, many ports were closed and trucking costs in some areas were so high that some supplementary revenue had to be allowed to cover them. The islands of Molokai and Lanai bought entirely from other islands and therefore allowance for ocean transportation was essential. In general, the policy was to set a single price level -- the 900 specific prices referred to above -- and then permit retail grocers in Zones two and three to add 2 or 3 percent when making collections and thus cover, in the aggregate, the total additional trucking or ocean transportation costs peculiar to their area. On certain of the bulkier and heavier items (such as rice, flour, crackers, toilet tissues) it cost more than the 2 or 3 percent allowed to ship or truck the commodity to the distant zones. On others (such as canned chicken and turkey, luxury fruits and vegetables, canned seafoods) it cost less. The allowance was sufficient on the average to cover the total transportation in excess of that incurred by the average merchant in Zone One.

Island Coffee - Kona coffee, grown on the Kona coast of the Island of Hawaii, after some processing locally moves to Honolulu to be roasted. Thereafter, most of it is consumed on Oahu and other islands, the U.S. Army being the largest purchaser during the war. Formerly much was shipped to the mainland for blending purposes. General Maximum Price Regulation 28 set specific dollars-and-cent ceilings at the following levels: delivered roadside, for the "parchment" or raw coffee; f.o.b. mill in Kona, for green coffee; ex-warehouse in Honolulu for green coffee; and roasted bulk and packaged in Honolulu at wholesale. A margin was then provided at retail.

The regulation set ceiling for the millers sufficient to allow for trucking to the Kona mill, milling, a milling profit, trucking across the island to Hilo of the semi-processed coffee, ocean freight to Honolulu,

and trucking in. The roaster of the coffee in Honolulu is universally the wholesaler so that single margin covered the costs of roasting, profit on this process, and the wholesaler's charge for distribution. The roaster-wholesaler margin was based on that prevailing in 1941. To take care of packaging, a separate ceiling was set when the wholesaler packaged for the retail trade; otherwise a bulk-roasted ceiling price applied.

Dollar-and-cent ceilings at retail would have been placed on this product had it not been for the scarcity of containers occasioned by the war. Odd-sized jars, etc., had to be picked up by packaging wholesalers at widely different costs, and it seemed fairest to allow the full cost as actually incurred.

When the roasted coffee was shipped to the outer islands, a transportation differential was allowed, as in the case of other inter-island movements.

Imported Fresh Fruits and Vegetables - Imported fresh fruits and vegetables were priced boat-load by boat-load because of the wide swings in cost and condition of such merchandise. The OPA representative in San Francisco collected and transmitted complete invoice material by air mail at the time each boat left, so that by the time the boat docked in the Territory a trade meeting had been held, the prices had been computed and legalized. Typically, the quantities available were so small that each boat-load was sold prior to its arrival.

The pricing was done by taking a weighted average of the invoices of each commodity, adding ocean freight, insurance, etc., and thus arriving at "landed cost" in the Territory. To this was added 15 percent on cost for the wholesaler, and then a specific dollar-and-cent wholesale ceiling was set; to this was then added a markup on cost ranging from 33-1/3% (oranges, potatoes) to 45% (lettuce) for the retailer. The ceiling, again, was spec-

ified in dollars-and-cents. The percentages varied slightly in light of the spoilage history of the product; in seasons when oranges were coming in with a high degree of spoilage, the percent was higher. Markups were not altered to take care of spoilage on the boad-load currently arrived, but only on the basis of past arrivals. All of the islands used the same system. In weeks during which no boat went directly to an island from the mainland double wholesaling out of Honolulu was permitted, but when boats proceeded to each island directly, Honolulu prices applied.

Island-grown Fresh Fruits and Vegetables - Hawaiian-grown fruits and vegetables were priced by specific dollars-and-cents ceilings at both the wholesale and retail levels. Periodic changes were made in this schedule which covered approximately 95 percent of the various kinds of fruits and vegetables grown in the Islands. In the majority of cases a change in the ceiling price of a commodity had to be carefully examined from the production angle. Too high ceilings might cause over-production and the reverse was true of a ceiling that might be too low. Since the Office of Food Production was made responsible for increasing production of locally-grown produce, in order to save shipping space and to improve the diet of the Islands, much reliance was placed on their recommendations. Their staff included a number of competent experts in the field of local production, who were always consulted before price changes were made. Statistics of costs and output were particularly weak in small-scale agriculture, hence the judgment of experienced personnel was especially important in this field.

In general, the wholesaler of Island-grown fresh produce was allowed a markup of 15 percent on cost, and the retailer between 25 and 50 percent for most products, depending upon such factors as perishability, loss of weight in retailing, and ease of selling. A committee of government officials, local farmers, and merchants advised the OPA in the revision of these

margins from time to time in light of the spoilage history of the various crops and the production record.

Taro and Poi - Taro, a type of tuber vegetable, grows in either wet or dry soil. The root, high in starch content, usually approximating the size of a large sweet potato, is made into poi. It is first boiled and peeled, then pounded (if hand worked) or ground (if by machine) until a starchy gelatinous mass is formed. This is fresh poi, and is kept and used as needed. Poi is prepared for the table by mixing with water to the proper consistency. It is eaten cold. Poi is the Hawaiian equivalent of bread. It is the "staff of life" for most Hawaiians and many orientals, and is widely consumed throughout the entire islands. Besides being a basic staple of the adult diet, it is a valuable baby food, highly recommended by physicians.

There are two types of taro, the wet-land type (submerged culture) and the dry-land type (non-submerged culture). The former is more suitable for manufacture into poi. Wet-land culture had been declining long before the war, due to crayfish infestation. With the advent of war, laborers left the taro lands for more lucrative employment on war projects with the result that taro acreage decreased. In the face of a greatly decreased supply, the demand for poi increased disproportionately because of higher incomes and increasing use of poi as a baby food.

In early 1942, the Price Control Section of the Office of the Military Governor established a ceiling price on poi. Taro, however, was left uncontrolled. Poi grinders found themselves squeezed between the fixed poi ceiling and the rising taro costs. By the middle of 1943 three out of five of the poi mills on Oahu were operating at a loss. A detailed examination of the industry was undertaken by OPA in response to a request by the poi grinders for an increase in the ceiling on poi. The investigation revealed

that there was intense competitive bidding among the grinders for the limited supply of taro; that there were too many grinders for the very small amount of taro available, and that on the whole the methods of grinding taro into poi were primitive in the extreme. Test runs at the various poi mills on Oahu, Kauai and Maui were made to ascertain with accuracy the amount of the yield.

In order to eliminate competitive bidding for taro, ceilings were set on taro. A decrease of 90¢ per 100 lbs., was effected for taro, and an increase of one cent at wholesale and ½¢ at retail was granted for poi.

Meats - The meat schedule at wholesale was divided into two major sections: (1) meat imported from the mainland; and (2) island-produced meat. The pricing method for imported meats was a cost-plus system, common to all territorial wholesale food schedules. It provided for a landed cost based on invoice cost at point of origin, mainland rail freight, a limited amount of cold storage at San Francisco and specific amounts for refrigeration and deck freight. To this specific dollar-and-cent margins were added for various packers' products. The second section of the schedule set dollar-and-cent prices on all Island-produced carcasses and wholesale cuts at both the slaughterer's and the wholesaler's levels. Carcass prices compared favorably with mainland prices.

At the retail level extensive cutting tests were made, as a preliminary to framing a schedule designed to yield to the retailer approximately a margin of 25 percent on selling price. It was necessary to ascertain the total yield from a carcass and price the various sections in such a manner as to aggregate the desired margin. The allocation of revenue as between cuts required close attention to the volume of movement of each cut reflecting the consumers' demand. The end result was dollar-and-cent ceiling prices per pound for all cuts on all islands. The zoning system, described

above in sections on groceries, applied to retail sales of mainland meats also.

Mainland Eggs and Dairy Products - Specific margins were set on eggs and dairy products. The net cost was used as the basis for the dollar-and-cent margins allowed.

Butter was given specific dollar-and-cent ceiling prices.

Island Fish - The island fish schedule for Oahu was originally prepared by the Office of the Military Governor, and was worked out with the advice of the Hawaiian Tuna Packers, the largest concern in this industry. After the outbreak of the war, fishing came practically to a standstill in the Islands because of the elimination of the Japanese fishermen and the restrictions upon off-shore activities of other races. The diet of the Islands calls for "fish and poi" as prime requisites, and from the beginning one of the items of greatest scarcity was seafoods of all kinds.

Loss of weight involved in cutting was carefully considered in setting ceilings. This differed according to the type of fish. Enforcement problems in fish were always extremely difficult. This was due to the scarcity of fish in the face of a great demand since fish is basic to the Hawaiian diet.

Women's & Girls' Wear & Accessories, & Men's & Boys' Wear - These schedules covered sales at wholesale and retail for all women's and misses' and men's and boys' wearing apparel upward from size 7. At wholesale the mark-up cost allowed was 120 percent of landed cost, or 125 percent of the manufacturer's selling price on every type of garment. Each wholesaler had the right to choose one of these methods, and he had to file with the Office of Price Administration a statement showing which method he had elected to use. Having once made a decision, a wholesaler could not change without permission of OPA. Alternate methods were provided because some wholesalers found it

difficult to calculate their "landed cost" and others expressed a preference for a markup on landed cost due to the variance in shipping costs between different items of apparel.

At retail the markup varied according to the merchandise and according to the source. The women's wear schedule had classification groups such as: (1) dresses, coats, jackets; (2) slacks, sweaters and blouses; (3) underwear and nightwear; (4) foundation garments; (5) millinery. The men's wear schedule had four major classifications: (1) topcoats and overcoats; (2) suits, sweaters, underwear, shirts, etc.; (3) work clothes and active sportswear; and, (4) handkerchiefs and accessories.

In pricing any article listed in the schedule, the retailer found the article in its proper classification and then used the appropriate multiple figure, depending on the type of purchase. The schedule provided a set of four markups for various types of purchases.

1. First was used for direct purchases from the mainland manufacturer, and provided a markup percentage on the manufacturer's selling price. For example, a dress bought from a mainland manufacturer would be in the first classification and the retailer's ceiling price would be 175 percent of the manufacturer's selling price.

2. The second method was used for purchases from a mainland wholesaler or jobber and provided a lower markup. This same dress would have a ceiling price of 157 percent of the wholesaler's invoice price.

3. The third method was for purchases from local wholesalers, jobbers, or local manufacturing-wholesalers or manufacturing-retailers. The dress cited above would have a ceiling price of 152 percent of its invoice cost.

4. The fourth was for purchases from local manufacturers, the retail ceiling prices of which were 170 percent of their invoice costs.

The result of these methods was to maintain uniform prices at retail for similar merchandise, regardless of the type or source of purchase. The more directly an item was bought, the higher the markup, as shown above. The schedule also provided for special pricing of job-lot and end-of-season merchandise upon appeal to OPA. Because of the qualitative differences between merchandise and the almost complete lack of "standard" staples in this field, no dollar-and-cent ceilings could successfully be placed at retail, and the price control from wholesale to retail had to remain on a percent, or markup basis.

Shoes and Slippers - Shoes became an increasingly important cost of living commodity in the Territory after the influx of war workers and service personnel had considerably increased the population. Many natives and orientals who formerly did not work and remained at home, wore no shoes or wore tabis, slippers, and other oriental types of footwear. Their higher standard of living increased shoe purchases to some extent. Shoe rationing on the mainland made itself felt in Hawaii by the dumping of many odd makes and sizes on the Hawaii market. The General Maximum Price Regulation held all shoes to the April 1942 price level, but this was found unsatisfactory, due to up-grading caused by the introduction of these unknown makers.

The shoe regulation set percentage markups on cost at wholesale and retail for all women's, misses', men's, boys', and children's and infant's shoes and slippers which were imported from the mainland. The maximum wholesale price for all shoes and slippers was 120 percent of "landed cost" as defined in the regulation. The maximum retail prices were based on stated markups over invoice cost, as in the apparel schedules, and for the same reasons. Three sets of markups, providing for various types of purchases were as follows:

1. The first was for direct purchases, or drop shipments, from the mainland manufacturer, and provided a ceiling price of 175 percent of the manufacturer's selling price.

2. The second was used for purchases made from a mainland wholesaler or jobber and provided a ceiling price of 150 percent of the wholesaler's invoice cost.

3. The third was used for purchases made from a mainland wholesaler or jobber and provided a ceiling price 150 percent of the wholesaler's invoice cost, plus certain transportation costs as defined in the regulation.

Nationally advertised prices in effect on the mainland were maintained by several stores with the permission of the Office of Price Administration.

Lauhala and Lauhala Products - Lauhala is a processed leaf of the native hala tree and is used in weaving baskets, bags, table mats, and other souvenir goods. The leaves are stripped, dried, and in some cases bleached before weaving. Originally this work was done by the Hawaiians, but with the influx of war workers and service personnel, the demand for native handicraft became so great that many other people went into the manufacture of lauhala products, especially the Japanese. The work is usually done in the home, and prior to the war, sold at very low prices. With the increased demand dealers came into the picture, buying the entire output of various weavers. These dealers in turn sold the products to other wholesalers, each adding a substantial profit to the weavers' price. The result of this double and even triple wholesaling was greatly inflated retail prices.

Dollar-and-cent prices were set by the regulation for the producer, and gave a markup on cost of 120 percent to a single wholesaler and retail prices were figured on markups on cost of 50 percent.

Jewelry and Certain Other Items - This schedule covered all articles commonly or commercially known as jewelry, whether real or imitation; all articles made of, or ornamented mounted, or fitted with precious metals or imitations thereof; and certain other items such as clocks, cigarette cases and lighters, binoculars, field and marine glasses. At the time of its inception, the prices of jewelry in the Territory were exorbitant. In many cases goods passed through the hands of numerous mainland and local wholesalers before reaching the retailer. Under the schedule, the manufacturer's selling price was selected as a base for establishing maximum prices at wholesale and retail. The wholesaler's maximum price was the manufacturer's selling price, plus one-third. The retailer's ceiling price differed according to the type of purchase. When bought directly from the manufacturer, the retail price was double the factory cost. When purchased from a wholesaler, the retailers used as his maximum price the lower of the following: (1) two times his net cost, or (2) two and one-third times the manufacturer's selling price.

This formula allowed the dealer a markup on cost of 100 percent when purchased directly, a markup of 75 percent on cost when purchased from a local wholesaler, and approximately 57 percent on cost when purchased from a mainland wholesaler. The retailer realized about the same dollar-and-cent price, regardless of the source of the purchase. He made less profit if he bought from a mainland jobber than when he purchased from a local jobber, or from the factory. The manufacturer was obviously the cheapest source, and the Honolulu jobbers, operating under this schedule, had lower ceilings than many mainland wholesale concerns operating in this field under mainland regulations.

Liquor - The problems of liquor control and liquor pricing were extremely important in Hawaii during the war. Not only were there unprecedented numbers

of service men in the Territory, but blackout restrictions, curfew, and wartime morale had all to a degree emphasized social drinking. Authorities strictly enforced the numerous liquor restrictions and had the whole-hearted cooperation of the community in so doing. Liquor stocks were frozen in Hawaii by the Military Governor on December 7, 1941, the day of the attack. All bars and liquor stores remained closed until February 28, 1942, at which time they were permitted to open under restrictions laid down by General Orders No. 28 of the Military Governor. This order likewise froze all prices at the pre-war level.

Liquor was rationed in the Territory at first by the Military Governor and later by the Territorial Government under the powers of the M-Day Bill. Civilians were limited to the purchase each week of one quart of hard liquor, or one gallon of wine, or one case of beer. Mainland liquor was on sale only from time to time, the supply being limited in the early months of the war by lack of shipping space, and later by rapidly dwindling supplies in the mainland.

Under OPA, liquor prices were controlled at all levels, manufacturer and rectifier, wholesaler, retailer, and dispenser. Prices for mainland bottled goods at wholesale and retail were controlled by a maximum price regulation freezing all liquor prices at the December 6, 1941 levels. Specific markups on cost for new brands (as outlined on the mainland) were as follows: 15 percent at wholesale and 33 percent at retail for hard liquors; 25 percent at wholesale and 40 percent at retail for wines. These markups were all on a defined landed cost.

Service Trades Regulation - Service trades were frozen to April 1942 ceilings under the terms of GMPR No. 1 of the Price Control Section of the Office of the Military Governor. Other than the filing requirements, little

attention was given to the service trades until December 1, 1942, when the Price Control Section issued Maximum Price Regulation 20. This regulation followed closely the mainland OPA revised MPR 165. Winter service trades and other seasonal provisions not applicable in Hawaii were deleted and Supplementary Regulation No. 11 to the mainland GMPR was incorporated. When the Territorial office of OPA assumed price control functions on March 10, 1943, MPR 165 was declared in effect.

The enforcement and application of the service trades regulation was exceedingly difficult in the Territory since there was no wage freeze and thus a large part of the costs of service trades were uncontrolled. The wage situation was further aggravated by a tremendous labor shortage which could not be relieved to any great extent by bringing in labor from the mainland. A freezing of practically all workers in the Islands to their jobs in some measure alleviated the situation. Far more adjustments of service ceiling prices were necessary in Hawaii than on the mainland, for the reasons outlined above. In addition, maximum price regulations covering specific trades were issued. These are described briefly below.

Power Laundries - This schedule, applicable to the Island of Oahu only, was issued on June 23, 1943. It covered fifteen principal items of men's and women's clothing and household articles, comprising about 75 percent by volume of the work done by power laundries. Typical prices were: men's dress shirts, 18¢; sailor jumpers and white pants, 20¢ each; Army and Navy khaki shirts, 20¢; khaki pants, 25¢; sheets, 7¢; pillow slips, 4¢.

Blackout of Automobile Headlights - Under a General Order of the Military Governor, issued shortly after the war, all headlights on automobiles were required to be blacked out to meet certain rigid specifications. At the same time a specific price was set for this work. Three successive modifications of headlight requirements were made. The last prices were $5

for a complete job of installing a light shield, painting the upper half of the light rod, and blacking out the lower half (with the exception of a 3/8" slit at the focal point).

New Lumber - Lumber became an increasingly important cost-of-living commodity in the Territory of Hawaii, due to the lack of importation and also increase in population, particularly on the Island of Oahu.

Since all but a fractional part of the lumber used in Hawaii must be shipped in from the Mainland, the Territorial regulation provided for ceilings only on those types and sizes of lumber which were themselves under specific mainland price control through applicable Maximum Price Regulations.

The Hawaiian ceilings were computed by the use of a percentage markup technique, based on landed cost. The percent of markup depended on the quantity of lumber entering into a given transaction and also on the method of its delivery.

For a sale from stock from distribution yards, the ceiling price was 150 percent of the landed cost, if the amount of lumber involved was less than 1,000 board-feet, and 145 percent if the quantity was more than that. The ceiling for dropped shipments was 110 percent of the landed cost for any size sale. For lumber deliveries in Hawaii, there were customarily free delivery zones, comprising the territory within a five-mile radius of the distribution yard. Charges for deliveries outside this zone could be included in the computation of the ceiling price for a given transaction.

Although prices on lumber sold in Hawaii were brought under ceilings on November 15, 1943, lumber dealers were given until November 30 to file a comprehensive report covering their delivery charges, their inventories, and list prices for all but inconsequential items of their inventories.

Second-hand Lumber - Second-hand lumber became very important due to the shortage of new lumber. Second-hand lumber prices, previous to being

regulated, were higher than prices would normally be for new lumber were new lumber available. For instance, used lumber was selling for as high as $130 per thousand board-feet, as against new lumber selling at $81 per thousand board-feet were it available.

The second-hand lumber regulation covered all persons selling second-hand lumber, either at wholesale or retail. It covered all lumber that had been recovered as salvage from any source whatsoever. Second-hand lumber for the purpose of this regulation was broken down into five classifications, as follows:

Firewood Salvage
Reclaimed Common refined
Clear refined

with specific dollar-and-cent maximum on each classification.

Second-Hand Automobiles - The prices of used automobiles in the Territory of Hawaii increased rapidly during the war. In 1943 sales in the Territory indicated that prices for popular 1941 model cars had reached a point 33% above their original prices when new. This was true of older models, although to a lesser degree. Despite the fact that used cars continued to depreciate in value, selling prices continued to rise.

Used cars were important in the Territory where they provided the only means of transportation for vast numbers of essential war workers. Likewise, the supply of used cars was limited, since none could be shipped into the Territory.

A meeting of all used car dealers on the Island of Oahu was called early in 1943. Dealers appointed a committee to represent the industry in working with OPA on a price regulation.

Maximum dollar prices were provided in the regulation for each car model and body type for all years 1935 through 1942. Cars older than the model year 1935 could not exceed the maximum prices for the most comparable

1935 model. Dollar "base prices" for 23 makes of cars, divided into approximately 3,000 body types, were provided. Certain "built in" items were listed with specific additional allowance. For example, radios carried an extra $30 which was added to the base price. The regulation covered all sales of used automobiles, whether by individuals or licensed dealers.

The "base price" listed in the regulation was the price at which an individual might sell. A dealer had to sell at this price if the car was unwarranted. If the dealer, however, gave a written guarantee for 30 days or 500 miles, whichever first elapsed, he could add $100 or 20 percent, whichever was larger, to the base price to calculate his maximum selling price.

"Base price" in the regulation was calculated as follows: the retail price for California as listed in the National Automobile Dealers Association's Blue Book was used, to which a determined differential for freight was added.

This differential was determined as follows: For 1941 and earlier models, freight was computed at rates in effect on October 1, 1941. For 1942 models, current freight rates were used. The amount of freight thus determined was then in each case multiplied by 1.33, following the historical practice in the Territory of taking a markup on the freight in the sale of new cars. To the results of this computation a depreciation formula was applied. This formula was based on the relation which the California price of each used car bore to the price of that car when sold new in California.

This used car regulation carried a provision which called for a 2 percent quarterly depreciation rate commencing April 1, 1944. This reduction in maximum prices was intended to take into account the wear and tear on used automobiles to discourage withholding of little-used cars from those with essential needs, and to provide for an easier transition to normal

values after the war.

The effective date of this regulation was December 1, 1943.

ADJUSTMENT PROCEDURES

Prior to the appointment of a Price Executive for the Territorial office, the fixing of prices for new commodities and the adjustment of ceiling prices was done by an Adjustment Committee composed of the Director, the Chief Counsel, the Price Attorney, and the Chief Economist. A member of the legal staff acted as secretary of the committee and prepared letters informing applicants of action taken. Memoranda for the committee were prepared by various staff members, recommending action and substantiating the recommendation with suitable data. Thus, the Adjustment Committee acted both as a price and policy group, determining from time to time criteria to be followed in certain types and classes of commodities and trades. To a large extent, mainland criteria were followed and such margin data as were available were utilized.

In January 1943, a docket system was instituted for the Adjustment Committee, dividing appeals into three groups: fixing of new prices, adjustment of ceilings, and service trades prices and adjustments. Later on the Adjustment Committee met only on special problems referred to it by the Price Executive.

RESULTS OF PRICE CONTROL

Until the advent of the OPA in the Territories, there had never been any data available for these areas on the cost of living. The OPA succeeded in securing funds to assist the U. S. Bureau of Labor Statistics in setting up a cost of living index for three cities in Alaska, for Honolulu, T. H., and for four cities in Puerto Rico 1/ (See tables I, II and III.) Unfortunately there are still no data for the Virgin Islands showing changes in the cost of living during the war period. The indexes for both Hawaii and Puerto Rico show changes in the cost of living since the Office of Price Administration instituted its controls over prices. For Alaska, however, the index covers only the period from March 1943 to September 1945. March 1943 was some months after the OPA office was organized there, although it is about the time when the Price Division started replacing the over-all controls originally used under the Alaska MPR 194 2/ with specific controls over individual commodities.

In Puerto Rico the OPA held the increase in the cost of goods and services to 9 percent for all items and a little more than 9 percent for food up until June of 1946. During the early years of price control several important food items were

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1/ In Honolulu and Puerto Rico this project has been continued by the local Departments of Labor. In Alaska, unfortunately, the index had to be abandoned in the fall of 1945 for lack of funds.

2/ See section on Price Control for explanation of the type of control exercised under MPR 194.

subsidized by the U. S. Department of Interior. This subsidy was removed in late 1945 and ceiling prices had to be increased substantially. With the weakening of the Price Control Act the increase from June 1946 to January 1947 was 20 percent for all items and 30 percent for food.

Clothing prices were only 3 percent higher in June 1946 than at the beginning of OPA specific pricing. From June 1946 to January 1947 clothing prices jumped nearly 7 percent.

In Honolulu the overall increase in cost of goods and services in June 1946 was only 6 percent above March 1943 when OPA took over control from the Military Governor. Food increased less than 3 percent during the same period. In the six months following June 1946 food increased 39 percent and the overall increase was 19 percent. Clothing increased during the six months following June 1946 slightly more (8.4 percent) than the increase (7.1 percent) during the entire period from March 1943 to June 1946.

For the period for which data are available (March 1943 to September 1945) in the 3 cities in Alaska the overall increase was 3 percent in Juneau and Fairbanks and 5 percent in Anchorage with a similar increase in food prices.

In all the Territories the largest increases were found in the miscellaneous group. This group includes such items as transportation, medical care, recreation and personal care, over which the OPA had no powers to control prices under the Emergency Price Control Act.

While There is no actual cost of living index for the Virgin Islands, a comparison of prices in June 1945 with prices in 1942 of a group of food items indicates an extremely effective control over food items. This comparison of prices was made by the Virgin Islands OPA office and are the only data available by which to measure the

effects of price control in those islands. (See table IV).

The const of living indexes and comparisons of prices are the statistical measurement -- or the tangible evidence -- of the results of price control in the Territories and Island Possessions. There are the "intangilbes", however, that are just important and in some ways more important.

The attitude of the public toward OPA is perhaps an even more accurate measure of the success of the OPA. The OPA in the Territories had the support and cooperation of the local Territorial Governments, the labor organizations, leading civic groups, the newspapers and the general consumer. This public confidence developed from an original attitude of skepticism, some natural resentment to "outside interference from the Federal Government", through a period of watchfulness until the people themselves were convinced that the OPA was necessary and was securing results.

Perhaps the most important result of the OPA operations in the Territories has been that it provided an "experience in democracy". For the first time, the people were given an opportunity and encouraged to particate actively in a Federal program that affected every individual. This is perhaps best expressed by a quotation from Dr. Caroline Ware, who spent the summers of 1945 and 1946 in Puerto Rico teaching in the University:

"The OPA is, so far as I can learn, the first real example of community organization in Puerto Rico, the first attempt to build a structure in each community which is representative of the groups and interests that make up the whole community, and to reply upon such a representative, voluntary organization to know the needs of the people of the community, to articulare and to build public opinion,

and to help see that the needs are served".

A similar thought was expressed in a report from the OPA Territorial Attorney in the Virgin Islands:

" A review of the activities of our three Local Boards for the first half of the year show a splendid record made by these unpaid employees. This is true in rationing as well as in price matters. Members and volunteers are well integrated in the OPA program - a Federal program. This is highly significant in any small community, but more outstanding here where democracy is only 28 years old, and civilian participation in governmental affairs is very much younger. The United States never "advertised" here before OPA came. Social attitudes are definitely and gradually reversing, and a feeling of genuine kinship is unconsciously supplanting that of being a mere alien appendage held for purposes of military security only. The social implications are manifest - they cannot be over-evaluated. For this stop forward in cultural integration the United States must thank OPA.

This experience was no less true in Alaska where community feeling is exceedingly strong, and in Hawaii where all racial and economic groups contributed so much as volunteers to the success of the OPA programs.

The success of the OPA in controlling effectively the prices in the Territories has been due in large part to the confidence, the support and the active cooperation of the people of our far flung Territories and Possessions.

TABLE I

PERCENT CHANGE IN INDEX OF COST OF GOODS AND SERVICES IN ANCHORAGE, FAIRBANKS, AND JUNEAU, ALASKA

March 15, 1943, to September 15, 1945

	Anchorage	Fairbanks	Juneau
All Items	5.1	2.6	2.6
Food	5.6	2.7	2.9
Clothing	8.5	4.0	5.8
Rent	1.4	0.3	0.1
Fuel and Electricity	-4.0	-4.0 1/	-12.0
House Furnishings	14.6	8.1	7.5
Miscellaneous	6.1	4.1	6.0

1/ Ice is included in this group.

TABLE II

INDEX OF COST OF GOODS AND SERVICES, HONOLULU, T.H.

(March 15, 1943 - 100)

	Indexes		Percent Change	
	12/15/46	6/15/46	3/15/43 to 6/15/46	6/15/46 to 12/15/46
All Items	126.5	106.0	6.0	19.3
Food	143.0	102.7	2.7	39.2
Clothing	116.1	107.1	7.1	8.4
Fuel-Light Refrigeration	103.7	100.4	0.4	3.3
House Furnishings	117.7	106.1	6.1	10.9
Miscellaneous	118.3	111.5	11.5	6.1
Transportation	107.2	96.3	-3.7	11.3
Medical Care	121.0	112.6	12.6	7.5
Household Operation	113.1	104.2	4.2	8.5
Recreation	124.6	120.5	20.5	3.4
Personal Care	121.0	119.2	19.2	1.5

TABLE III

INDEX OF COST OF GOODS AND SERVICES, PUERTO RICO

(March 1941 = 100)

	Jan. 1947	June 1946	June 1945	Percent Change December 1942 to 6/15/46	Percent Change June 15, 1946 to Jan.15,1947
All Items	182.5	151.9	145.4	9.0	20.1
Food	217.5	167.5	154.8	9.3	29.9
Clothing	157.1	147.1	144.7	3.1	6.8
Rent	104.0	104.8	104.9	1.0	-
House Furnishings	151.6	146.3	144.6	8.6	3.6
Miscellaneous	147.1	136.7	136.8	12.8	7.6

TABLE IV

COMPARISON OF PRICES OF CERTAIN BASIC COMMODITIES, ST. THOMAS, VIRGIN ISLANDS
(October 1942 and June 1945)

Commodity	Unit	October 1942	Present Price (June 1945)
Wheat Flour, bulk, hard or soft	lb.	$0.06	$ 0.05
Cornmeal	"	.06-07	.05
Rice, all types	"	.12	.08
Cheese, processed, Cheddar, loaves of 2# or over	"	.46	.48
Milk, Evaporated, 6 oz.	can	.06	.06
Milk, Evaporated 14½ oz.	"	.12	.11
Salt Pork	lb.	.23	.21
Salmon, Chinook, #1 can	can	.40	.38
Tomato Soup, Premier, #1 can	"	.12	.12
Beans, dry, red, kidney, imported	lb.	.12	.09
Beans, lima, dried, imported	"	.12	.09
Garbanzos, dried, imported	"	.12	.09
All other imported dried beans, all grades	"	.12	.08
Pork Fatbacks, pickled	"	.18	.19
Lard in tierces and cases	"	.26	.20
Salmon, Red, Alaska, Sockeye, #1 can	can	.42	.43
Salmon, Chum, #1 can	"	.22-.23	.19
Laundry Soap (bar)	bar	.10	.12
Campbell's Vegetable Soup, #1 tin	tin	.12	.16
Tomato Juice, Libby's, #2 can	can	.13-.14	.17
Sausage, Vienna, Libby's, 4 oz. can	"	.14	.16
Potted Meat, Libby's, 3¼ oz. can	"	.07	.09
Tea, black, Premier, ¼ lb.	pkg.	.32	.34
Peas, Early June, Premier, #2 can	can	.24	.25
Corn, Sweet, Premier, #2 can	"	.19	.22
Salt, table, Premier, 2 lb.	pkg.	.11-.12	.14
Cocoa, Hersheys, 8 oz. can	can	.22	.25
Swans Down Cake Flour, 2-3/4 lb.	pkg.	.32	.38
Ivory Soap, Large	cake	.16	.15
Sugar, granulated, bulk	lb.	.08	.07
Sugar, yellow (brown) bulk	"	.06	.05
Coffee, Regular and Drip (Premier) #1	"	.42	.41
Toilet Soap, Lux, Regular	cake	.09	.10
Codfish	lb.	.?	.18
Milk, fresh, per qt.	qt.	.12	.12
Bread, 1 lb. loaf	lb.	.12	.12
Kerosene, 4/5 quart	bottle	.05	.05

RATIONING

RATIONING AUTHORITY OF REGION IX

While the Territorial Offices were actually District Offices in the OPA organization, Region IX and the Territorial Offices were independent of the National Office in carrying out their rationing functions. This was accomplished by a General Order for each Territory.

The power to ration was delegated to the Territorial Director in each Territory subject to approval by the Regional Administrator for Region IX. These General Orders made the Regional Office a "National Office" with respect to the Territories and Possessions, having all of the duties and responsibilities which the National Office had with respect to the 48 states.1/

The distance of all the territories from the mainland created constant communication and shipping difficulties, and any condition which might actually involve rationing had to be anticipated before it became critical. Surveys and research were constantly being conducted in all the Territories. Meetings with trade, industrial and civic groups

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1/ The authority for the General Orders referred to is derived from the following War Production Board Directives:

1. 2nd Revised Gen. Orders 20 (Puerto Rico) and 21 (Virgin Islands) were issued pursuant to W.P.B. Supp. Directive 1-J, effective 7/1/42.

2. Revised General Order 33 (Canal Zone) was issued pursuant to W.P.B. Supp. Directive 1-L, effective 9/10/42.

3. General Orders 47 (Alaska) and 48 (Hawaii) were issued pursuant to W.P.B. Directive # 1 - except that subsequently (8/11/43) W.P.B. Supp. Dir. 1-V was issued for Hawaii.

4. All above orders were superseded as to foods by War Food Order 68 for Puerto Rico, Virgin Islands, and Canal Zone and by War Food Order 57 for Alaska and Hawaii.

were held frequently. Close and continuous Cooperation was maintained with other government agencies and territorial officials in order that the office could be well advised at all times on the state of local supplies and inventories of essential commodities.

RATIONING POLICY

The rationing of commodities in the Territories varied from the National program in accordance with the special needs of each Territory. Each Territory had its own ration orders for the commodities which were rationed in that Territory, with the exception of bicycles (Revised Ration Order No. 7 was applicable in all territories) and automobiles. Automobiles were rationed under RO 2A in all Territories but this order was administered by Region IX rather than by the National Office. The rationing of typewriters under RO 4A was abandoned in all the Territories except Hawaii at the same typewriter rationing was terminated in the States.

Amendments to ration orders frequently originated in the Territories. When local conditions dictated that a change was necessary and the proposed change was acceptable to the Regional and National Offices, the entire situation was studied carefully by the Territorial Office, surveys made when necessary, and an amendment, or on occasion, an entirely new ration order was drafted and submitted to the Regional Office for approval. Sometimes substantial changes were made by the Regional Office before the regulation or amendment finally went to the Federal Register.

As an example of a Territory-originated order, a situation arose in Hawaii which called for the rationing of used passenger automobiles locally, although such a program was never undertaken on the mainland.

Every aspect of the problem was studied before a decision was reached by the Territorial Office as to the necessity of rationing this commodity in Hawaii (RO 2C).

Changes in the regulations which originated in the Regional Office were usually occasioned by a new procedure evolved by the National office or a new turn in the supply situation which necessitated drastic change in rationing procedure in the Territories as well as in the States.

ALASKA

The setting up of the Alaska OPA office and the transfer of the rationing program to it occurred on May 18, 1942, at the time the price control program became effective at the retail level throughout the country. Only tires and tubes and automobiles were rationed at that time in the United States. Trucks and busses never were placed under the rationing program, but remained purchasable on a system of priorities set up by the ODT and the WPB. These two agencies continued for several months to handle their programs in Alaska through the Governor's Office. Since the public never formed the habit of differentiating between government agencies, the Alaska OPA office was always on the receiving end of numerous inquiries concerning ODT and WPB operations, until, in sheer self-defense, it got a collection of forms and regulations and took on the job of disseminating information and distributing forms for both ODT and WPB, on a purely voluntary basis.

In the late fall of 1942 the Territorial OPA office, acting on the urgent request of the Office of Defense Transportation, took over the supervision of taxi operations in the Territory. A provision was

written into the new Rationing Regulation setting up compliance with all ODT requirements as a condition necessary for tire and tube eligibility. The supervision of taxi operations became an additional duty of the Rationing Executive, who set up forms and procedure and immediately conducted, by mail, a training course in this important work for Board Clerks. The assumption of this extra work-load added materially to the responsibility of both the Territorial Rationing Division and the clerks in the local board towns. It also added a full share of headaches, for usually taxi operators were in no mood to be regulated and every Board Office became a battle ground on which many a vigorous scrap was conducted. The OPA office received no compensation for this work, but took it on willingly to avoid the necessity for another government agency having to set up duplicate machinery in each town, which would have been necessary had not the services of local boards been requisitioned for this work.

TIRES AND TUBES

The gasoline rationing program set up in the States would not be applied to the Territory, and the old rationing regulation which it superseded was cumbersome and difficult of administration. The Alaska OPA office therefore, in the winter of 1943, wrote a new regulation for Alaska (RO 1F), secured its approval by the National Office and built its tire and tube rationing program on its provisions. The administrative procedure was greatly simplified under this regulation, a new streamlined list of eligibles was established and rationing authority and procedure was more strictly defined, so that for the last three years of the program it worked with greater smoothness and efficiency.

BICYCLES AND TYPEWRITERS

The bicycle rationing program was added to OPA's operations in July 1942, thefirst allotment being 40 for the two months period ending September 8th. This was never a complicated operation although it had to be learned and administered and ration board clerks from Ketchikan to Nome had to be trained for handling it in the various towns.

The typewriter rationing program which also made its advent in the summer of 1942 was both difficult to interpret and complicated to administer, but the available staff of 4 -- a director, assistant director, stenographer and general clerk -- attacked it with vim and vigor. The number of dealers in the Territory was not large, and most of them had disposed of their new stock before any awareness of the rationing regulations had been created. The tremendously increased demand for typewriters gave enormous impetus to the sale of used typewriters, both by dealers who bought them up from private individuals for purposes of resale, at greatly inflated prices -- before theprice control program intervened -- and by private individuals, who saw opportunities for unloading machines of ancient vintage at top prices. One instance was found of a dealer who brought in a large number of "Spanish keyboard" typewriters from Mexico, reconverted them to the English style and offered them for sale at twice the price new American typewriters were selling for -- when they were available. His activity was promptly terminated by the Enforcement Division.

TERRITORIAL RATIONING LEGISLATION

One of the immediate results of exempting Alaska from the general rationing program was the tendency of Alaskans to ship outside, to relatives and friends, commodities which were rationed in the States.

Transient workers, returning to the States after temporary employment in Alaska, filled trunks with sugar and coffee, cases of butter and canned goods, and hundreds of pairs of shoes and rubber footwear purchased in theTerritory. This considerable flow of goods was known to be going outside, either to be sold on the black market or to supply friends and relatives with commodities difficult to get in the States. Boat crews on vessels plyning between Alaska and Seattle, fisherman returning to home ports in the States joined the ranks of those participating in this minor racket.

This practice had two very serious evils. It tended to withdraw from Alaska supplies urgently needed within the Territory, and it led to violation or evasion of rationing regulations in the States. The Alaska OPA office in the spring of 1943 therefore took cognizance of its responsibility in this matter, and, through the cooperation of the Govenor of Alaska, secured the passage of an act by the Territorial Legislature which prohibited the shipment from the Territory of commodities which were rationed in the States, except in the course of established trade or business or for the personal use of the shipper, and established suitable penalties for violations thereof. Enforcement of this law was, of course, the responsibility of theTerritory's enforcement authorities. Diminution of the practices that led to this action was immediately apparent following its enactment and publication, and, duringthe years that followed, complaints of this off-color practice practically ceased. The work toward the passage of this legislation was an "extra-curricular" activity of the Rationing Division, but it was a service important to the rationing program generally.

HAWAII

UNDER THE MILITARY GOVERNOR

Gasoline rationing was started in the Territory on December 7, 1941. The sale of gasoline was suspended on that date. Various informal schemes of rationing were tried such as limiting the amount of gasoline sold at any one time, restricting motorists to one-half a tank full of gasoline at any one time, etc. The systems developed on the various islands were different in many respects. Oahu set up what was, of necessity, the most highly refined of any of these rationing schemes.

It was not until February 15, 1942, that the Oahu authorities developed thesystem which was continued in force until mileage rationing was made effective on October 1, 1943. This system provided for the issuance of a basic ration of ten gallons a month to all registered passenger motor vehicles. If the applicant was unable to carry on his occupation with the basic gasoline allotment, he was permitted to apply for additional gasoline on an extremely simple form which merely required a statement of the number of gallons needed and the reasons for this need. If the applicant was issued supplemental gasoline, he was not allowed any basic ration, that is, his ration was merely enough to cover his occupational needs. Commercial users applied on this same form and were issued identical coupons to those given to passenger vehicle operators. If the Commercial user had his own storage facilities, he was given a letter which stated the amount of his monthly gasoline ration and the oil companies were informed of this allotment and were instructed to deliver no more than the approved ration.

The gasoline coupons used under the Oahu rationing plan were cardboard tickets. These coupons were issued in five and one gallon

denominations and the cardboard was over-printed with a large letter designating the month of the issue. The rationing month was from the 15th of one month to the 14th of the following month and cupons were valid only during a one-month period.

The application for distribution of gasoline rations on Oahu was handled by approximately 300 issuing stations including (a) 15 first aid stations operated by the Office of Civilian Dofense, (b) 5 major defense construction contractors, each of which had from one to twenty sub-stations (c) about twenty Army and Navy posts, (d) approximately 340 business establishments. Basic rations were issued merely uponthe presentation of the rogistration slip for the vehiclo, which was stampod with a letter to indicate that a ration had been issued for that particular ration period. For supplemental rations it was necessary that the applicant sign a receipt form. The decision as to the amount of supplemental gasoline to be given to any individual was technically made by paid employees of the OMG rationing office. Often, infact, the decision rested with the issuing stations.

Under the OMG, filling stations were required to fill their tanks at every delivery by the oil companies whether they had sufficient coupons to pay for the delivery or not. This requirement was imposed by the Military Govenor because of military necessity since it greatly increased the storage facilities of the island, and perhaps more important, it resulted in a more thorough dispersion of gasoline stores. All filling stations were required to make monthly reports showing deliveries, and to turn their coupons over to the oil companies. A check of those reports was made periodically and if a dealer was found to have received considerably more gasoline than he had paid for in coupons, he was called to account.

White gasoline (for hosehold and industrial users) was not rationed on the Island of Oahu by any formal method, although dealers were required to keep sales slips which were turned over to the gasoline rationing office.

Each of the outer islands was under the command of a different Commanding Officer and as a result different systems of gasoline rationing were developed on each of these islands, Fundamentally, these systems had one thing in common, namely,that all used a ration card which was issued to the operator of the vehicle and upon which deliveries of gasoline to the vehicle were noted by the filling station operator. On the Island of Kauai the basic ration was three gallons a week, and it was necessary that the motorist use the three gallons during the specified week. On all the otherislands, the basic ration was ten gallons per month. Kauai also required that theindividual buy his gasoline from the same filling station at all times. Maui required that the filling station operator keep a complete record of every sale made, including the name of the operator, license number of vehicle and number of gallons delivered. All of this information had to be filed with the local gasoline rationing authority.

Since more than 70% of all the gasoline sold in the Territory is consumed on the Island of Oahu, the outer island rationing schemes were relatively unimportant insofar as a reduction in the Territorial consumption of gasoline was concerned.

With the arrival of an OPA rationing official in the Territory in December 1942, comprehensive studies of the various rationing programs then in effect were begun. As a consequence of these studies and after consultation with officials of the Regional Office it was decided to introduce some variant of the mainland's mileage rationing system.

Briefly the reasons for changing the OMG gasoline system are as follows: (The discussion below is specifically concerned with the Oahu system, but the same argument applies in varying degrees to the systems in effect on the outer islands. The arguments presented are not necessarily in the order of their importance.)

1. The old system required that every motorist apply once a month for his ration. This, of course, required a considerable amount of time both on the part of the public and the rationing office.

2. Rationing by means of War Price and Rationing Boards seemed infinitely more desirable than by the multitude of issuing stations and by the paid staffs of the rationing agency. The arguments in favor of rationing by boards are too obvious to warrant restatement here, but it may be worth while to note that the validity of these arguments was amplified by the existance of a variety of racial groups which can very easily be the cause of criticism of unfairness and racial discrimination. Even though no other change in the system of gasoline rationing had been contemplated, War Price and Rationing Boards would have been established for handling all rationing decisions since the Rationing Division was firmly convinced from the beginning that this was the most democratic and practical device for rationing.

3. The OMG gasoline rationing program of the Territory had been developed long before gasoline rationing was completed on the mainland and as a result was seriously deficient in careful planning and legal draftsmanship. While its operation could be reasonably effective under a military government, the difficulties caused by absence of an explicit and detailed regulation was always apparent. To an unfortunate extent, the operation of the old system turned upon the personal knowledge of

those who were charged with its management. Oral understandings, rathor than written records, werethe rulo. Under the initial stress of war conditions such a system could bring about desirable results, but as time went on and war conditions became the norman thing, these weaknesses of the old system became increasingly apparent.

4. The most serious flaw in the OMG gasoline rationing scheme lay in the use of loose coupons. Prior to January 15, 1943, these gasoline coupons wore not evon marked "Not Transferable" and oven after this date there was no method of idontifying the rations issued to a vehiclo with that vehicle. As a result of this condition, gasoline ration coupons were transferred as a kind of currency. Identical coupons wore issuod for all motor vehicle gasoline uses, thus coupons issued for use of trucks could be used in passenger cars without any serious possibility of detection. From an enforcement point of view, the difficulty of the OMG scheme was that the rosponsibility for proper use of tho coupons rested entirely with the consumer since the dealer had no way of knowing whether the ration had been issued to the vehicle.

Because of the small size of the staff and the geography of the Territory, it was decided not to start the new gasoline rationing program throughout the Territory at the same time, but instead to stagger the effective dates from island to island. Thus the regulation 5F was made effective on Kauai on July 1, on Maui August 1, onOahu Octobor 1, on Hawaii on December 1, and was effective on Molokai on April 1, 1944.

AUTOMOBILE RATIONING

The rationing of passenger automobiles in the Territory was first institutod in July 1942 by the Land Transportation Control Offico of tho Office of the Military Governor. At that time there wore no new vehicles in the Territory since the Army and Navy had acquired all such vehicles shortly after December 7, 1941. Somo of the local dealers had

new cars warehoused on the coast and these vehicles were released to eligible consumers who were allotted shipping space. The committee used the eligibility list set forth in the Ration Order then in effect on the mainland.

Between July 1942 and March 10, 1943, approximately 50 new passenger cars were brought into the Territory under this system. On March 10, 1943, the OPA assumed the responsibility of rationing new passenger cars under Ration Order 2A.

MISCELLANEOUS CONSUMER DURABLE GOODS

The rationing of bicycles and typewriters was instituted by the OMG under orders issued June 2, 1942. These orders remained in effect until March 10, 1943 when they were ratified by General Ration Order 49 issued by the OPA on that date. Consequently the OMG orders for these two commodities continued in effect in the Territory.

The OPA rationed stoves, hot water heaters and household refrigerators in the Territory of Hawaii beginning June 1, 1943, through a delegation of authority fromthe WPB dated May 20, 1943. On January 20, 1944, the delegation of authority to ration refrigerators was revoked and distribution of new refrigerators reverted to WPB. The reason for this revocation was to enable WPB to allocate any available refrigerators to persons who received WPB building permits.

VIRGIN ISLANDS

Prior to the establishment of the Office of Price Administration in the Virgin Islands on June 6, 1942, rationing was the responsibility of the Governor of the Virgin Islands in his capacity as Rationing Administrator of the Virgin Islands. Tires, tubes, automobiles, bicycles and typewriters were rationed by a Rationing Board on each of the islands

of St. Croix and St. Thomas. These boards were appointed by the Governor. Gasoline was being rationed by the Police Department in both Municipalities.

In July 1942 two rationing specialists were sent from the National Office to Puerto Rico and the Virgin Islands to assist local offices in drafting the necessary rationing orders. They arrived in St. Thomas July 20, 1942. The insular government continued the administration of rationing until the OPA had time to work out a rationing program.

GASOLINE RATIONING

Ration Order No. 8 became effective August 22, 1942 and provided for the rationing of gasoline by means of coupons. It followed the lines of the orders in effect in Puerto Rico and the continental United States. It had no sooner gone into effect, however, than the supply situation became so acute that an amendment was issued (September 11) giving the Territorial Director the power to issue emergency rations. The Director accordingly declared a state of emergency and from then until November 12, 1942, gasoline was issued by special certificate only to the Armed Forces, Government agencies, and the most essential civilian services.

These two months will long be remembered by the Virgin Islands Office and thepeople of the Virgin Islands. At times there was less than a 48 hours supply of gasoline and no certainty that more was forthcoming. In order to keep the most essential services operating, supplies had to be borrowed at times from the military reserves. By November the shipping situation was more stable and supplies were sufficient to return to a program of rationing through the Local Boards.

Following the suspension of gasoline rationing in the United States and in Puerto Rico, simultaneous action was taken in the Virgin Islands, effective August 18, 1945.

AUTOMOBILES, TIRES AND TUBES

Automobiles, tires and tubes were placed under the ration orders which were in effect in the states as soon as the OPA was officially established in the Virgin Islands.

FOOD RATIONING

In August 1942, another crisis arose as a result of the shipping situation. This time it was an acute shortage of certain food items. No shipment of wheat flour had arrived on the island for many weeks and existing supplies were rapidly being exhausted. After a careful study of this matter, the Director on August 27, 1942, issued Ration Order No. 10 - Food Rationing Regulations for the Virgin Islands. This order provided for the registration of every resident of the Islands and for the issuance to them of War Ration Books entitling them to purchase a specified quantity of wheat flour each week. The value of the ration was originally set at two pounds per person per week, but from time to time it was found necessary to increase or decrease the value of the ration, depending on the supplies on hand.

On September 28, 1942, Amendment No. 2, to Ration Order 10 was issued, making cornmeal subject to rationing. The value of the ration was also set at two pounds per person per week. Rice was added to the list of rationed commodities by Amendment No. 28 on April 6, 1945. The value of the ration was set at one pound per person per week.

Because of the serious depletion of stocks of lard and vegetable shortening in the Virgin Islands and the uncertainty as to when future shipments would arrive it became necessary to add these items to the RO 10 effective on May 29, 1945. The value of the ration was set at one pound per person per month.

BICYCLES AND TYPEWRITERS

Rationing of bicycles and typewriters was extended to the Virgin Islands under the regulations issued for the continental United States. They were released from rationing in the same manner.

LAUNDRY SOAP

Laundry Soap Rationing for the Virgin Islands was instituted under Ration Order No. 20, effective November 16, 1944. It remained in effect until December 10, 1945, when it was revoked. At that time large shipments of laundry soap were being received and indications were that suppliers on the mainland would be able to continue adequately to supply the needs of the people of the Virgin Islands.

PUERTO RICO

GASOLINE RATIONING

During World War No. II Puerto Rico became a principal defense area in the Caribbean. The neighboring seas were continually marauded by hostile crafts and many ships were attacked, disabled, wrecked or sunk. The repeated assaults by Nazi submarines seriously affected the flow of supplies from abroad. The disruption of normal supplies brought about an acute shortage of essential products. The shortage reached its critical point by the middle of 1942, the severe scarcity being that of petroleum products.

During the first days of June 1942 an unexpected gasoline shortage developed in the Island. To avoid a total cessation of the essential activities, on June 3, 1942, the Governor issued an Administrative Bulletin (No. 787) which restricted the transfer of gasoline. Several other Administrative Bulletins regulating the sales of gasoline followed.

The system set up was very awkward and had many disadvantages. The coupons for the acquisition of gasoline were only issued by the Central Office in San Juan, causing great inconvenience to people in the Island. The leaks were virtually unlimited and no provisions were made so that dealers would have gasoline on hand for essential users. Black market operations were a common practice as shown by the sale of gasoline at exorbitant prices.

By the middle of June, 1942, the Territorial Office of the Office of Price Administration was established. On June 16, 1942, a head of the Rationing Division of the Puerto Rico Office was appointed. Simultaneously with the appointment of the Rationing Executive, two representatives of the Civilian Supply Branch of the War Production Board, and two representatives from the Fuel Branch of the Office of Price Administration came from Washington to study the conditions of the Island and make the proper reccommendations for the institution of rationing.

The War Shipping Administration was attempting to satisfy the requirements of Army and Navy as well as those of the civilian consumers, as no separate system existed for supplying the needs of military establishments in Puerto Rico.

According to the Latin American Supply Committee (an advisory organization made up of oil company representatives who coordinated the allocation of the available tonnage to various Latin American markets), the goal of the War Shipping Administration, and the oil companies had been to bring to Puerto Rico sufficient petroleum products to meet 100% war needs and 67% of the 1941 consumption of the non-war consumers.

Essential users included at the time were: armed forces, federal

and insular governments, public utilities, contractors on war projects, and agriculture (including sugar centrals and refineries). In practice, it had proved impossible to meet the supply goal stated above. All war needs had been met, but petroleum products brought in for non-essential users had been sufficient to meet only 50% to 55% of the 1941 rate of consumption.

The inevitabel result of decreased supply combined with increased consumption was depletion of stocks of petroleum products held on the Island. The fuel oil and gasoline supply shortage existing in Puerto Rico was extremely severe at that time. According to the Latin American Supply Committee, only temporary releif, interrupted by further crisis, could be expected in the near future. Because of the sinkings and possible diversions of tankers to new war theaters, it was impossible to predict what the supply of petroleum products would be in the months to follow. The only certain fact was that the seriousness of the situation justified all possible measures to eliminate non-essential consumption.

The storage facilities for petroleum products in the Island were inadequate to maintain a consistant rationing program in view of the sporadic delivery of gasoline. A suitable program would require a large reserve stock which might be drawn on to meet essential needs during the long periods in which a gasoline tanker might not arrive at the Island. The Army and Navy officials informed the OPA that they were rapidly increasing storage facilities for military and naval services.

Gasoline rationing would be ineffective unless it would be followed by a strict transportation control. This transportation progarm

should include:

(a) The regulation of Publicos and taxi-cabs. It was then possible for anyone to secure a "publico" license by payment of fee and to travel any route or make any use of the vehicle which the owner desired.

(b) The regulation of commercial use of vehicles. There was need to plan the movement of railroads and trucks in such a way that cross hauls and empty return trips would be eliminated. Railroad facilities go almost around the Island but do not serve the interior. They are principally used for the hauling of sugar industry products. Much of their equipment stands idle in the off season. This is particularly true of the rolling stock of private railroads owned by the sugar centrals.

Trucks are used also for the movement of other products beside those related to the sugar industry, but their movements had not yet been placed under the ODT control. The Insular Transportation Office was making surveys on transportation facilities and uses, but this agency could not be used for the emergency management of vehicle movements since it was a long-run planning agency without adequate power to meet the war agency.

There were a total of 31,554 motor motor vehicles currently registered in Puerto Rico.

5,740	Publicos
550	Insular Government and Mun. Government vehicles
16,717	Private Cars
3,723	Private trucks (Heavy)
3,021	Commercial trucks (Commercial)
1,603	Commercial trucks (HP)

Of the many ports which normally used the Island for import and export, and specifically by the sugar industry for their sugar exports,

only three were left open. All others were closed for the duration. This factor meant extra transportation to carry those loads which normally went from certain towns to the nearest port and vice-versa.

Army officials admitted in secrecy that their tactical operations had been cut 50% and their construction projects 40% since the gasoline scarcity developed.

Although it was evident that gasoline rationing would be expensive and hard to enforce procedure as compared to rationing on the East Coast, both the OPA and theWPB representatives made comprehensive reports and recommendations on the urgent need to start gasoline rationing, backed by a formal transportation program. They recommended a complete control to be also extended to the Virgin Islands since their gasoline was obtained from Puerto Rico.

During the days that followed, the rationing staff studied rationing rules and regulations in force in the Eastern Rationed Area of the United States to ascertain the best procedure to establish a rationing system in Puerto Rico suitable to localconditions. Instruction guides containing a general outline of the plan for rationing gasoline and detailed instructions for the organization and operation processes, sent from Washington, were of great help in this preparatory period. By the middle of the month instructions were sent from Washington to proceed with the preparations for the institution of the program.

In the latter part of June, 1942, two officials of the OPA in Washington arrived at San Juan to help establish the rationing system.

The organization of the boards was an important job. The boards

were to be the keystone of the rationing programs. Taking into consideration the number of vehicles registered in each municipality, the difficult means of transportation between towns, the number of inhabitants in each and also foreseeing the probable necessity of a food rationing program in the future, the rationing executive considered it necessary to establish a board in each town, and more than one in the largest cities of San Juan, Ponce, Mayagues, Arecibo, and Rio Piedras.

After the organization of the local boards had been completed and the regulations governing the transfers of gasoline were approved by the Washington authorities, the next step in the inception of gasoline rationing was the registration of motor vehicles.

The registration started on July 28, 1942, for all private passenger cars and motorcycles, with the cooperation of other Divisions and the Department of Education of the Insular Government. The registration was carried out without difficulties. The press and radio contributed to the success of the work with an ample publicity campaign which helped in educating the public on the registration requirement.

To help local boards in the determination of rations for busses, information was requested from the Public Service Commission and submitted to the boards by circular letters. The Public Service Commission had conducted a recent survey of the daily consumption of gasoline by busses and on that basis submitted their recommendation of estimated gasoline requirements for compliance with authorized route franchises and certificates of Necessity and Convenience. The results of the survey indicated the name of the vehicle operator, the route of the operation, mileage travelled, amount of gasoline claimed to be consumed daily, and estimated requirements as recommended by the PSC. All this

information was passed on to the boards merely as informative material.

Originally, Puerto Rico used the same ration books as in the States. Changes had to be made in these books to control their use for shorter period. As they were, they could be used at any time during the period for which issued. Rationing had to start with them since a large shipment had been received from Washington and the urgency with which the program was initiated did not permit reprinting them locally.

This was a principal factor in the acute shortage which followed during the month of September. In spite of the appeals made by the agency to users to stretch their ration for the whole period, many people rushed to get their full quota of gasoline immediately. This was especially felt in reference to S-2 rations, good for one year, issued to trucks. Gasoline reserves soon dwindled. Supplies did not arrive on time as a strong Nazi submarine campaign had the island almost totally isolated.

On the date rationing was started in Puerto Rico, gasoline stocks in the Island were very low and a serious shortage of the product was foreseen. On August 26, this shortage was extremely acute, and the first steps were taken to meet the problem.

Effective August 28, 1942, values were cut. In anticipation of a rush from the public to buy gasoline before the new values became effective, instructions to boards and gasoline stations were issued by telegraph after closing time of service stations on August 27.

This first coupon cut had been tentatively made to be effective from August 28 to September 14, 1942. But as soon as the petroleum shortage grew worse, and supplies did not arrive, a further reduction

in the coupon value was imperative.

"A" and "B" rations were suspended entirely since the emergency was acute and these ration holders were considered the least essential driving group.

Bulk ration users constitute one of the larger consuming groups. The invalidation of the bulk coupons made it necessary to issue to Boards special instructions in regard to services rendered to the community bulk users. The boards were authorized to exchange bulk rations for S-1 and S-2 rations only to the extent of the amount necessary to continue most essential services to the community for a short time and on a very reduced basis. Amoung the services that continued to operate were those of public transportation by busses, transportation of perishable products, and milk. These rations were to be issued every two days.

The reserve of gasoline in the oil companies' tanks sank to such limited proportions that the OPA had to order a stop on the replenishment of service stations. Exchange certificates in the hands of Gasoline stations were thus temporarily frozen.

On september 7, 1942, the gasoline shortage grew still worse. Small quantities of gasolie left in the tanks of service stations were also frozen. Gasoline transfers were permissable only upon the presentation of the necessity coupons accompanied by a special permit from the local boards, or by authorization from the Army and Navy or the Territorial OPA.

The tremendous work undertaken at this time can be realized from the fact that hundreds of permits were issued, each one representing a prolonged interview in which the gasoline requirements of

the applicant were fully explained and supported with documentary evidence of the services accomplished or of the existance of contracts essential to the War Effort and which could not be postponed.

Traffic in Puerto Rico came to a very low point. In several towns and cities, not even essential needs of the community could be met, since there was no gasoline whatsoever in the locality. Civilian reserves were completely exhausted. After various conferences with the Army and Navy, they agreed to meet the essential needs of the community using part of their reserve. For two days, on September 8 and 9, permits for the use of gasoline from Army and Navy reserves were issued by military authorities, upon reccommendation of the OPA office in each individual case. These agencies, however, engrossed in the war effort, considered it more convenient to let the OPA handle the matter, and on September 11, they allocated 92,000 gallons from their reserves to help meet the most urgent needs of the community in the whole Island. The gasoline ceded by the military authorities was deposited in 6 service stations in the towns of San Juan, Caguas, Ponce, Mayaguez, and Aguadilla, the same that had been used by the Army. From these staions, the needs of the adjacent towns, whenever possible, were served following the usual procedure of presentation of the corresponding coupons accompanied by special permits from the OPA or the local boards. The boards were again handling a delicate and heavy task.

On September 14, the petroleum situation took a turn for the better, Coupon values were increased to be effective September 15, 1942.

The Island enjoyed several days of respite. The situation, although much improved, could not be considered normal. Rations were not restored to their original values and were still issued on a very

stringent basis. Although the value of bulk rations were partially restored, bulk permits continued to be issued from the OPA office.

It was then evident what an acute gasoline shortage meant to an Island that depends to a great extent on motor vehicle transportation for all essential activities.

On September 23, 1942, a new gasoline crisis arose. Supplies expected did not arrive on time. It became necessary to freeze the remaining stocks in the Island to insure the continuance of the most essential services. Oil companies were asked to curtail delivering gasoline to the service stations at a rate of 1/5 of their deliveries during the period September 14 to September 21, 1942. This practice was in force until October 10. All service stations were ordered closed through September 23 to build up a little stock. Although coupon values remained unchanged during this new crisis, the special permit system was again made compulsory for gasoline transfers.

The most critical period in the history of gasoline rationing in Puerto Rico had just started. It was difficult for the central office, difficult for the local boards who bore the heavy burden of issuing permits for essential uses in their respective zones, and difficult for the civilian population whose use of gasoline was curtailed to a point where only essential users were allowed a minimum amount of gasoline to carry on their functions. This situation lasted from September 23 to November 8, 1942. As in previous occasions, Government requirements and bulk gasoline holders were taken care of by the Rationing Division at the Central Office. The Boards handled petitions of other essential consumers.

A special permit blank was prepared for this emergency by local

boards. These permits were good only for a week, and could be renewed periodically depending onstocks available and essentiality of the service to be rendered. Docementary evidence was required in all cases.

The first renewal of "B" and"D" ration books was effected November 8, 1942. Effective that date, the system of special permits for users considered essential in these categories was discontinued. Permits for service rations continued for one more week, at which time new service rations were issued, and became effective November 15, 1942.

With the renewal of ration books on November 8, and 15, a new phase in the gasoline rationing was established. Revised books were issued and rationing continued normally from then until soon after V-J Day when it was lifted.

GASOLINE FOR REGISTRATION OF ELECTORS

During the first days of January 1944 a conference with representatives of the four political parties in the Island was held by the OPA Director to work out a plan to facilitate the transportation of new electors to registration polls. At the meeting it was decided to grant ten gallons of gasoline to each one of the political parties for each registration center for each registration day.

To keep control of the gasoline to be distributed a special form was prepared validating R-10 coupons specifically marked at the central office with the inscription "INS". A list of the official registration centers in each municipality was sent to all Local Boards. According to the official list sufficient permits were authorized to each one of the political parties. The permits were serially numbered and bore the name of the municipality and date of validity. The permits were handed

to the four accredited representatives of the political parties in San Juan.

The required number of special "R-10" coupons marked "INS" were sent to Local Boards who authorized the special permits and pasted coupons in same. Service stations were instructed to honour the special permits authorized by Local Boards.

The representatives of the political parties promised to return all unused permits. Many unused permits were returned from almost all municipalities and a break-down of gasoline used was worked out and used for issuance of rations during subsequent election periods.

Realizing the importance elections have on the life of a democratic country, all possible facilities were used in order that gasoline rationing would not constitute a problem in carrying out the elections in Puerto Rico. Special permit gasoline rations were made available to elective candidates for public positions for prosecution of their candidacy, to the chairman of local political parties, to representatavies of the Board of Elections, to government representatives in the different areas during election day and to political parties for carrying voters to and from the polls during election days. The permit system prepared for the issuance of gasoline to political parties for transportation of electiors worked out satisfactorily. No complaints were received from the public or any political party.

FOOD RATIONING

During the latter part of 1942 a serious shortage of basic foodstuffs developed in the island as a result of which black market operations cropped up on a wide scale in rice and lard. In December of 1942, fairly large shipments of rice were received, but due to un-

certainties regarding arrival of further regular shipments it was not considered advisable to inaugurate any rationing rationing system at consumers level.

Instead a rice allocation system was set up to insure proper distribution and conserve supply. In order to obtain an equitable distribution of the commodities throughout the Island, it was first necessary to hold a registration of all sellers of foodstuffs in every community. On the basis of this registration purchase certificates were issued by the Local War Rationing Boards to retail establishments and for the first quota period such establishments were permitted to sell two pounds of rice per week per person. Although the allotment was less than the normal demand it was deemed a necessary prevention to conserve supplies.

During the early part of March 1943, sufficient quantities of lard had arrived in the island to permit the establishment of a similar system of quota allottment of lard. For the first quota period retailers were permitted to sell one half pound of lard per person for a two week quota period. As supplies of rice and lard continued to arrive in increasing quantities the quotaa authorized were increased proportionately until June 17, 1943, when the controls were lifted on these two commodities.

Again at the beginning of 1945 the stocks of lard in the island became low and there was no assurance that future shipments could be increased in sufficient quantities to take care of normal demands. On February 24, 1945, Restriction Order No. 13 regulating the transfer of lard became effective. Obviously the resulting demand on shortening threatened to completely deplete the stocks of this commodity and in

March 1945, Restriction Order No. 14, restricting the transfers of shortening, was put into effect.

Restriction Order No. 13 permitted importers and wholesalers to sell to their customers not more than a certain percent of the average weekly transfer made to said customers during the months of November or December 1944 or January 1945 and prohibited retailers from selling to their customers of the basic period more than a certain percent of their average weekly purchases during said basic period. The program was carried out without major difficulties. Due to the scarcity of tin plate the shipments of lard were being made in drums. To solve the problem with which some importers and wholesalers were confronted because of the size of containers, the Order was amended permitting the transfer of lard on a four week basis instead of weekly basis. As the importations of lard increased the Order was amended to permit the transfers of larger percents.

Restriction Order 14 prohibited importers and wholesalers from selling shortening to retailers in containers of more than five pounds and also limited the quantities of shortening which retailers could sell to their customers. The Order followed the normal trade practice in that retailers never sold and customers never bought shortening by the pound but always purchased this commodity in small containers. The shortening imported in large containers was distributed to industrial and institutional users such as bakeries, restaurants, hotel, hospitals, schools, etc. These industrial and instutional users obtained their permits to purchase shortening from the main office where they had to file the stock of shortening or lard on hand, the average normal needs of the commodities, sales of foodstuffs for the processing of which

shortening or lard were used or number of clients, inmates or patients.

Both Orders Nos. 13 and 14 had provisions where by a consumer who obtained lard was forbidden to solicit or accept transfers of shortening or vice versa. By November 1945 the stocks of lard and shortening were sufficient to take care of normal demand and on November 19, 1945, both these Orders were lifted.

As the stocks of rice again became very low in the Island and there was no assurance of future adequate supplies it became necessary to place this commodity under rationing control, again. After consultation with the Regional Office, Order No. 15 was prepared and put into effect in April 21, 1945. This Order restricted the transfers of rice at all levels to weekly deliveries of not more than the amount of the transfers made during the period from January 15, 1945, to March 17, 1945. This measure limited the consumption to about 60% of the normal requirements of the island as estimated by the General Supplies Administration and the Governor's Supply Committee. With the institution of Rice Order No. 15 protests were raised by retailers. A two day strike was registered in two municipalities but of no consequence. They first requested an increase in the amount of rice allotted and when convinced that under the circumstances existing then it could not be done, then they asked that a coupon or certificate system be established. After a detailed explanation of how the order in effect worked and the difficulties involved in putting into effect a coupon system they went along with the rationing system established, in spite of its shortcomings.

One of the major problems which arose under this system of distribution was that although the total sales of Office of Supply during

the base period were normal it appeared that a number of retailers did not make their normal purchases during said period because of the strike of cane field workers then in effect. This left some retailers without sufficient quota to distribute to their customers the quantity of rice authorized by the order.

Another problem of distribution resulted from the flow of workers from other regions to the sugar cane areas during the "zafra" (harvesting) season. After studying these problems the Order was amended so as to permit the Boards to issue toretailers certificate to balance their quotas with consumers permitted consumption.

As the rice situation improved the Order was liberalized increasing the quotas to retailers and consumers permissable consumption. On October 29, 1945, the order was finally revoked.

At the beginning of the year 1946 the rice stocks as well as rice deliveries began to dwindle. Future shipments were to be restricted since it was necessary to divert a large part of the production to the war devastated areas. With the approval of the Washington Office steps were taken in order to provide for an equitable distribution of this food commodity so essential to the Puerto Rican diet.

On March 10, 1946, a Restriction Order was issued and put into effect freezing all rice stocks in Puerto Rico. This order provided for registration of importers, wholesalers and retailers. Based on the dates obtained from the registration and upon the information obtained from Washington to the effect that Puerto Rico would obtain a quota of 9500 tons per month Order No. 17 regulating the transfers of rice was prepared and put into effect on March 27, 1946.

In spite of the very important fact that the moral factor of the existance of war no longer existed, the order functioned as well as

could be expected. The only serious problem arose because of the great scarcity of rice during the maritime strike which lasted from the middle of September to the beginning of November.

On October 28, 1946, it became necessary to reduce the value of all coupons having a value of more than five one hundred pound bags. This measure was adopted so that the small stores where the poorer people obtained their rice would be able to meet these people's need.

The quotas of the larger stores, however, which cater to the well-to-do people capable of obtaining food substitutes were reduced considerably. By the end of November, due to the personnel reduction within the Office of Price Administration, it became impracticable to efficiently enforce the Rice Order. On the 17th of December, 1946, Ration Order 17 was revoked after the General Supplies Administration (an Agency of the Government of Puerto Rico which controls many cost of living commodities) agreed to continue the rationing of rice.

MILK

In order to control the distribution of milk as a result of the Price Regulation and Avert the diversion of this commodity from lower to higher priced zones, Restriction Order No. 6 was put into effect on September 15, 1943. According to the provisions of this Restriction Order, transfers of milk from Zones II and III to Zone I could only be made if authorized in writing by the Director.

Applications for transfers of milk into restricted areas were handled in accordance with prevailing conditions in the areas where milk was produced. Investigations showed that adequate distribution of milk in Puerto Rico under the pricing system established was difficult because seasonal variations considerably reduced or increased the productions of milk.

CONSUMER RATIONING

One controversy which arose over food rationing was whether or not the OPA should have instituted consumer rationing to replace the orders restricting sales at wholesale and retail. There was a difference of opinion among the Regional staff as well as the staff of the Puerto Rico Office.

Among the arguments against consumer rationing were the difficulty of consumer registration, the expensiveness of the program, the additional work load for the boards, and the lack of necessity since the restriction orders were taking care of distribution.

On the other side of the argument was the strong public pressure for consumer rationing and the numerous complaints that retailers did not distribute their quota equitably, but instead "played favorites". Several boards set up consumer rationing on their own in their communities. The Board Chairman in Adjuntas had a very successful program which was praised by both consumers and merchants. Coupons were mimeographed at his own expence and a system of checking was set up by the board that worked well, despite refusal of any assistance from the OPA office.

Certainly in any future rationing program this matter will have to be reanalyzed. One thing stands out, from a public relations viewpoint, and that is that there was undoubtedly more widespread criticism of the OPA in Puerto Rico for not instituting consumer rationing of rice and lard than for any other action it took of did not take.

COMMODITIES RATIONED IN THE TERRITORIES

Puerto Rico	Tires & Tubes	1B - Rev.
	Gasoline	5E - Rev.
	New Cooking Stoves	9C
	New Passenger Automobiles	2A
	Bicycles	7
	Typewriters	4A
	Milk	Restriction Order 6
	Kerosene	" " 7
	Laundry Soap	" " 10
	Rice	" "15 & 17
	Lard	" " 13
	Shortening	" " 14
	Cigarettes	" " 11
Hawaii	Tires and Tubes	1E - Rev.
	Gasoline	5F - Rev.
	New Cooking Stoves	9B-Rev.
	New Passenger Automobiles	2A
	Used Passenger Automobiles	2C
	New Hot Water Heaters)	Terr. Order-
	Refrigerators)	Local WPB Directive
	Bicycles	7
Alaska	Tires and Tubes	1F
	New Passenger Automobiles	2A
	Bicycles	7
	Typewriters	4A
Virgin Islands	Tires and Tubes	1C - Rev.
	Gasoline	8
	New Pa ssenger Automobiles	2A
	Food (rice,wheat flour, cornmeal)	10
	Bicycles	7
	Typewriters	4A
	Laundry Soap	20
Canal Zone	Tires and Tubes	
	Gasoline	
	New Passenger Automobiles	

ENFORCEMENT

INTRODUCTION

The Enforcement Divisions in each of the Territories were organized soon after the Territorial Offices were established. They were not adequately staffed, however, for some time. In the early days of OPA enforcement controls were concentrated in the National Office. The main functions of enforcement for the Territories were consequently maintained by the Regional Office in Washington. Complaints of violations were received in the Territorial Office, investigated, and the results reported to the Regional Office for clearance and decision as to the sanction or sanctions to be applied. The delays necessitated by such a procedure are obvious. As the offices gained experience, more and more responsibility was delegated to the Territorial Offices. Territorial Enforcement Attorneys shared in this delegation of authority until in the final stages they were completely responsible for the enforcement of all OPA regulations for their respective Territories.

In the beginning, the Territories operated under the regulations issued by the National Office. Enforcement policy in each Territory, therefore, followed the policy and procedure of the National Office. Each complaint was docketed and processed on an individual basis. As more experience was acquired each Territory began to develop its own regulations to meet the problems peculiar to the Territory. The process of investigating each individual complaint at all levels of distribution became so burdensome that other methods had to be devised. Some of the methods used by Region IX preceded the change in methods adopted by Enforcement in the continental United States; others were taken from the National Office for use in the particular territory.

The establishment by the National Enforcement Division of its Analysis and Reports Branch and the use of these statistics by supervisors developed

a more uniform method of handling cases. From the old individual method of enforcing regulations on a case by case method, investigations were conducted by commodity groups, enabling enforcement to cover entire industries and apply sanctions on a scale which at the beginning would have been considered impossible.

So far as practicable, this technique was adopted in the Territories. Certain National regulations applied in all the Territories, other applied in some of the Territories, many did not apply in any of the Territories and in addition each Territory had its own regulations which applied only in that particular Territory. National programs had to be adjusted not only to fit the various problems peculair to each Territory, but also to fit in with programs under the Territorial regulations. After accomplishing this, all enforcement activities in the Territories had to be reported in such a way as to confrom with the National reporting program in order to derive the fullest possible benefit from the analysis of such figures as an aid to proper supervision of Territorial staffs. Although this was a tremendous task in Region IX, it was accomplished with the aid and cooperation of the other divisions. The result was to achieve better control and consequent greater respect for the OPA in the Territories than prevailed in any other region or district.

ALASKA

The Enforcement Division got off to a late start. It was not organized until late in the summer of 1943. At that time the Enforcement Attorney, the investigators, in fact, all enforcement personnel were instructed and trained by the Regional Enforcement Attorney, who unfortunately was recalled to Washington after spending just a short time in Juneau. Shortly thereafter, before the division was really organized, trained, or even in a fair working condition, the Territorial Enforcement Attorney resigned to go to

the United States District Attorney's Office. For many months no attorney could be found to replace him.

From the time the Enforcement Attorney resigned until April of 1944, the investigators were being used by Price, Rent, Rationing and by the Administrative Office. They made many useful price and rent surveys and did other good work for other divisions. Whatever they did in other divisions was not reflected in the enforcement work. Enforcement training, if any, had been completely forgotten; they were not enforcement investigators. So called investigation reports for enforcement had accumulated in large quantity. The investigators were taking orders from all the divisions. They did not know for whom they worked or why they did what they were doing.

In April 1944, an enforcement attorney was sent from the States. A survey on the accumulated investigation reports indicated that it was necessary to close the files and start over. Beginning over was not an easy task. By use and custom the other divisions assumed that as a matter of right they could call on the investigators whenever they pleased to do either important or errand boy work. Difficulties were encountered in changing this procedure. By June the investigators were back under the enforcement direction, but the problems were not solved. The investigators were not trained and all that had to be started over. The Enforcement Attorney was the only attorney employed in the division and the only person with OPA enforcement experience. There were three branch offices in Alaska, and these were three to seven hundred miles away. There are four divisions of the Federal Court in the territory and three of these are 700 to 1200 miles away. The task looked rather hopeless.

The first real assistance came when the Chief Investigator from the Hawaiian office was transferred to the Alaska Office. Too much credit

cannot be given him for the good work he did in the Alaska Enforcement Division. Generally, his knowledge of OPA is the best encountered in the entire organization. He could and did handle all phases of the program, Enforcement, Price, Rationing or Administrative, and do an excellent job in any assignment. He did exceptional work in the instructing of the investigators. He assisted in making investigations and in settling and adjusting cases. If any degree of success can be claimed by the Enforcement Division, a great amount of credit for it must be attributed to his efforts. He resigned on August 25, 1945.

OPA enforcement activity in Alaska has many difficulties not found elsewhere. The population is approximately 100,000 which is scattered in many small isolated communities hundreds of miles from each other. Travel facilities do not exist as they do in the States. Air travel is largely the means of transportation, but that is not frequent and depends in no small degree upon the weather. Many communities cannot be reached by air. To reach them in the summer a boat is employed, and in the winter, a dog team. In order to have any effective enforcement it was necessary to visit and make investigations in many of these communities.

Among the difficulties, and not the least of them by any means, was the procedural set-up of the courts. There are four divisions of the United States District Courts in Alaska; one in Juneau, one in Anchorage, one in Fairbanks and the other at Nome. These are not strictly the United States District Courts. They are rather, a combination of the District and Territorial Courts. The Federal rules of Civil Procedure do not apply. The procedure in use is that of the Oregon territorial courts. It is obsolete. The court rules for each division are not the same, and to make the situation still more difficult, printed, typed or written copies of the court rules could not be obtained. For some time it was felt that in

one particular division the court rules were changed to meet the conveniences of the occasion. That situation has since been remedied. If the many protests from OPA enforcement assisted in bringing about the change, there are no regrets on this score. Problems were much more difficult than they may have seemed. Until the last few months there never were more than two attorneys. With the travel necessary to handle the work and with the obsolete procedure causing no end of delay, it now appears the Division was very fortunate in getting cases registered as they did.

There are many reasons why a comparison of OPA enforcement in Alaska with that of the district offices in the States is not a fair one. For a long period of time enforcement in the States dealt principally with violations at the manufacturing or wholesale levels. Their Regional Officer could visit any district offices at any time within a few hours. Enforcement Liaison Officers were maintained and frequently visited District offices. When any question was in doubt, when any planned program did not fit a particular community, or where assistance or advice was needed it could be obtained within a few minutes by telephone.

The programs were planned for specific regulations and for commodity group investigations. Alaska enforcement did not have these advantages. It was indeed a rare exception when the planned enforcement program of the National Office was applicable to this territory. Regional officials visited whenever it was possible to do so, but what with offices in Puerto Rico, Virgin Islands, Hawaii and Alaska, such distances take weeks not hours. There were no telephone connections with the National Office or with the Regional Office, or for that matter between the Alaskan offices. The business in Alaska is not manufacturing. There are but few wholesale businesses. Many of the businesses are a combination of retail and whole-

sale. Very few of the regulations applicable in the States applied in Alaska. Regional officials gave all of the assistance they could, but the Alaska office was more on its own than any district office in the States.

There were the same problems as all offices had with changing personnel, particularly investigators. Training new ones was an almost continuous job. An investigator could not be trained for one commodity group only and work on that alone. When travelling and making investigations they had to be trained and qualified to handle price, rent or any OPA problem encountered. The staff was always too small but fortunately on it at various times were investigators with exceptional ability. Had all of them been in the Division at the same time, the enforcement record would be much better.

Most of the investigations and enforcement work was under regulation MPA 194 and later RMPR 194. This is a very difficult regulation for enforcement. It is similar to GMPR in that it provides the highest dollar and cent mark-up charged in the base period. Other pricing methods are provided in this regulation but all are dependent on base period prices. As a fair estimate 75 percent of investigations required much more time and work because of lack of records in the establishment being investigated. A great many of these were not because of the loss or destruction of such records but simply because records never had been kept in any period. In many instances old freight bills, old invoices or an occasional sales slip fastened on a hook, or in an old box constituted the complete records. Others had no records whatever. It was necessary to go outside the establishment to wholesalers, to steamship companies, to competitors and so forth, to reconstruct what had happened before it could be determined whether the establishment was in compliance or in violation. The methods of doing

business and the Alaskan economy differs greatly from that in the States. Merchants liked OPA no better in Alaska than elsewhere. If anything, they were more outspoken in their dislikes. The largest establishments in the territory as well as the smaller ones were investigated and action taken.

The inventory taken during the interim period following June 30, 1946, showed that since May 1, 1944 up to June 30, 1946, over 1100 investigations were made. Of these, 725 revealed violations upon which some enforcement action was taken. It also showed that on 111 treble damage cases the sum of $87,015.88 was collected and transmitted to the treasury agent. The fifty-two civil cases were prosecuted to final judgment. Six criminal cases were completed resulting in one jail sentence and $2400 fines. This does not show the amount of work done for other divisions in the office or the amount of compliance work done by the division. It does not include the many cases investigated here and sent to the Seattle District Office for action. It does not include the K and L or the Alaska Distributors cases. On these two cases investigations were made and after three months of correspondence a personal visit to Seattle was necessary to convince the office that there was an actionable violation. These cases were finally filed and resulted in judgment of approximately $150,000 against the defendents.

Time was spent in an honest effort to do the best enforcement job possible and not to build up a good looking statistical record. Enforcement has had the fullest cooperation and support of the Price Division and the Rent Division. The Information Division did an excellent job in publicizing enforcement activities. If any one thing can be pointed to and to which all divisions in OPA in Alaska can take pride and be sure they did their part, it is this: There were never any black markets in this territory.

HAWAII

Until March 1943, enforcement, like all other controls, was under the Military Governor. The work required of investigators was a combination of price, education, and enforcement activities. Prosecutions of any orders of the Military Governor were tried in the courts of the Provost Marshal. The swift, informal trials, resulting sometimes in heavy fines, were a marked deterrent on prospective violators. For example, a wholesaler of rubber heels and laundry supplies who was found in violation a second time was fined $1,750.00. A wholesaler of dairy products was fined $2,500, with $1,000 suspended for overcharging on sales of dairy products. A combination meat and grocery chain, operating three very large stores, was fined $1,000 for overcharging in retial sales of groceries. A drug store was fined $350 with $250 suspended for overcharging in soap and toilet tissue. A fine of $150 in the Provost Court was levied against one retailer, and two chicken raisers were fined $600 (with $300 suspended provided they observed price control regulations for the following 12 months) for over-ceiling sales.

On March 10, 1943, the price and rationing authority of the Office of the Military Governor was transferred to the Office of Price Administration. Few changes in policy or personnel occurred at this time at the investigational level. Court procedure, of course, changed abruptly from the summary procedure of the Provost Court to the legal procedures of the civil courts. And on June 15, 1943, the enforcement division was organized as a separate unit upon the arrival of a chief enforcement attorney. From that day on, the problems and activities of the enforcement section were found to be quite similar to those of other enforcement offices on the mainland.

It is impossible to appraise the value of the services rendered by the enforcement section. Statistics do not tell the story. But it can be safely said that the state of compliance in the Territory was above average. Whether this was due to the willingness of the people of the Territory to cooperate, or to the efforts expended by the entire staff of OPA, or to both, is part of another story.

PUERTO RICO

In general, enforcement in Puerto Rico followed the National pattern. Perhaps the distinguishing characteristic of enforcement in Puerto Rico was participation by insular authorities in the price control program. In the spring of 1943, the Insular Legislature passed a bill (Act No. 31) making all regulations a violation of Insular law. This placed the Insular court system and the police department in a position to assist in enforcing OPA regulations. The earlier phase of this participation was characterized by the imposition of such low fines on violators - frequently fines of fifty cents and one dollar - that very little good was accomplished. In the Spring of 1945, however, the Legislature strengthened the Act and the pendulum swung to the other extreme. Stiff fines and prison terms then became the order of the day. In some instances, these were altogether out of proportion to the offense.

Other factors of insular activity - the widespread publicity against the black market, the ready cooperation of insular officials and police when called upon, and the proper consideration given, for the most part, to OPA cases brought by Enforcement lawyers in the insular courts - were also of undeniable value to the Enforcement Division and the Office of Price Administration as a whole.

Despite obstacles and many disappointments, the Enforcement Division

in Puerto Rico did a good job. Compliance in the Island was generally good, perhaps to a greater extent than the average index figure in the continental United States.

VIRGIN ISLANDS

The Virgin Islands undoubtedly provides the most perfect example of compliance anywhere under OPA. A small compact community where everyone knows everyone else, it did not need "strong-arm tactics". A general attitude of willingness to obey law and authority was noted as an outstanding community trait.

The Enforcement Attorney early decided that it was more important to prevent violations than it was to build up a record of administrative or court cases. Enforcement, therefore, took a realistic and almost kindergarten approach in dealing with violators. For many months no sanction was applied beyond the compliance conference stage. The compliance conference as a sanction afforded a unique opportunity to sound out the personal characteristics, motives, and connections of the individual and to operate upon his attitude toward the program. Only after a bona fide promise of personal cooperation was secured from the individual was the conference terminated. During these sessions refunds or donations were permitted of large or small amounts because of the psychological effect on the violator rather than the value in terms of dollars and cents of the money involved.

The instances of wilful violation were few. As soon as a violation was found which appeared wilful on preliminary investigation, the application of a severe sanction was prepared. No criminal cases arose and only one injunction was sought and obtained. Subpoenas were issued when necessary but compliance was always obtained before the end-result in the application of the sanction was reached. The value of this approach in the

enforcement of price regulations, therefore, must be measured in terms of compliance obtained and not in terms of sanctions applied.

The method of procedure which merited adoption because of the high percentage of over-all compliance resulting from its use in the Virgin Islands was simple and is as follows:

1. A wide and thorough dissemination of what the law required.
2. Ample releases and warnings against violating the known law.
3. Individualized treatment of violators in a sincere effort to obtain personal cooperation.
4. Follow-ups to observe the degree of compliance thus obtained.
5. Adequate recognition through publicity after full compliance was achieved.

The use of this technique required hundreds of visits each month by the four inspectors who dared not relax their vigil if the percentage of compliance was to be maintained at a high level. All avenues of publicity were used, but personal contact was still relied upon as the absolute best.

The success of this compliance technique is evidenced in the almost 100 percent compliance shown month after month in the compliance surveys.

RENT CONTROL

Puerto Rico and Alaska are the only Territories in which the Office of Price Administration established Rent Control.

In Puerto Rico the regulation establishing Rent Control was effective February 1944. It set a base date of October 1942. In Alaska, Rent Control was effective in November 1942 with a base date of March 1942.

In Hawaii and the Virgin Islands, the local governments control rentals.

Except in the Virgin Islands, the large influx of military and civilian personnel in all the Territories caused a severe shortage of housing accommodations resulting in tremendous pressure on rents.

INFORMATION

INTRODUCTION

The information program for Region IX was based on three underlying principles:

1. The public is entitled to know what a government agency does and why it does it. The agency has a responsibility for this explanation to the public.

2. Price control and rationing cannot succeed without public cooperation and participation.

3. Cooperation and participation can be secured only through public understanding and public support.

In recognition of these principles, an Information Division was established in each Territorial Office and given the responsibility for achieving public understanding and cooperation.

The problems of an information program were different in each Territory just as the problems of price control differed among the Territories. The social and economic conditions, the racial composition of the population, the distribution of population between rural and urban -- all influenced the development of the information program.

Each Division, however, realized that the most effective medium of information was through personal contact. Therefore, each attempted to develop an organization by which the most people could be reached personally. The result was that in all of the Territories the major part of the information program was carried on by volunteers.

In Puerto Rico and the Virgin Islands, this organization of volunteers took the form of OPA Consumer Committees. In Hawaii, Information Committees were organized to assist the Community Service Members of the Boards and a

large part of the information work was carried on by organized groups, civic, professional and social. In Alaska, Consumer Trade Committees were formed in each of the larger towns. Made up of representatives of consumers and the trade, these Committees reached a large part of the population of each of the towns in which they were organized.

The schools of the Territories were an extremely effective medium for OPA Information. Authorities responsible for Education in the Territories recognized the need for giving children an understanding of war time conditions. As a result they gave their wholehearted support to efforts of the OPA to inform the public. The cooperation of teachers was invaluable to the OPA and to the community.

The radio was widely used to disseminate OPA information in the Territories. In each of the Territories there were regular weekly programs sponsored by the OPA or one of its volunteer groups. In Puerto Rico, there was an average of 26 OPA radio programs each month.

In contrast to the situation in many parts of the continental United States, the press in the Territories was very favorable to the OPA programs. Full coverage in the daily and weekly newspapers was given to all OPA operations.

The effectiveness of the Information program is best evidenced by the cooperation received from all segments of the community in each of the Territories.

The organization for an information program was more highly developed in Puerto Rico than in any of the rest of Region IX. Since four-fifths of the entire population of the region is in Puerto Rico, a detailed report of the Information program there is representative of the organization, program and policies of Region IX Information.

PUERTO RICO

When the Office of Price Administration came into being in Puerto Rico on June 1942, price control was something practically new, both to the great masses of hunger-stricken Puerto Ricans and to the lucky minority possessing a decent living income. For the laborer and for the Puerto Rican peasant, the "jibaro", especially, price control seemed an utopian ideal completely beyond comprehension.

Only a few uncoordinated efforts had been made in the field of price control and rationing at the time the Territorial Office of the OPA was established. Both activities had been administered till then by an Insular Government agency known as the Food and General Supplies Commission. This Commission had established a general plan for gasoline rationing and had also fixed some ceiling prices for certain commodities. Prior to this, Puerto Ricans knew of some sort of price control and rationing, only through the Insular Food Commission which operated during World War I.

Although the Puerto Rico Office of the OPA was established in June 1942, the Information Division was not organized until October of the same year. The main function of the Division was to make price control and rationing practices as clear as possible to the Puerto Rican people--about two million persons of which over 69% live in the rural sections beyond the usual media of information. The Information Division faced, in addition, the problem of preparing material in Spanish for a great part of the population--1,337,163 persons over ten years of age, of which only 371,000 are able to speak English.

Puerto Rico was just beginning to feel the effects of war on its economic structure. The Island faced acute shortages of essential commodities because of the submarine blockade. A quarter of a million persons within the 600,000-strong-labor force were unemployed at the time. Shelves of commercial concerns were practically empty; industries and agriculture were almost ruined by the

blockade. Puerto Ricans were hardly in the correct frame of mind to understand rapidly the Price Control and Rationing programs. An over increasing spirit of cooperation, however, was shown by the public as the program was developed by the Information Division.

The Information Division of the Office of Price Administration was created on October 2, 1942. The Regional Information Executive of Region IX visited the Island to start the program. A Press and Radio Relations Officer and a Consumers' Relations Officer were appointed. In the beginning the two functions of the division were separated. This organization continued for almost a year, when, to secure better coordination, the Division was reorganized with an Information Executive and three assistants in charge of Consumer Relations, Educational Relations and Press and Radio, respectively.

PRESS

A full program of information to the general public in all local newspapers was carried on throughout the life of the OPA. In addition to the regular press releases issued daily to local newspapers, a daily section called "OPA in Action" was prepared and published in all papers to carry news, and other informational and educational items about the OPA, especially those related to prices, rationing, rent and the action taken against violators of OPA regulations.

RADIO

The Information Division started a tradition of quality in all OPA radio presentations by using voluntary local talent. According to public response this kind of program attracted a large radio audience, but unfortunately, the unpaid guest artists were not willing to serve gratis. The fact that the OPA did not have funds to defray such expenses was a basic liability in the whole program of radio activities.

Among the regular programs were: "OPA Melodies Parade" a weekly program of entertainment and information; "OPA and the Laborer" dealing with OPA information of interest to the laborers; the housewives program, "La Mujer en Marcha"; and "The OPA Informs the Farmer", OPA information relating to the farmers' interest.

In addition to these programs, the Puerto Rico Information Division assisted the Virgin Islands OPA Office in the organization of an OPA radio show for the Virgin Islands to be broadcast from Puerto Rico. Although the original idea was for a weekly fifteen minutes radio program solely to publicize OPA, government officials of the Islands were so interested that the idea developed into a half hour show once a week, prepared by the OPA but including every interesting nonpolitical, and non-commercial item contributed by the different departments of the government, local institutions and private citizens of the Virgin Islands. This program, called the "Virgin Islands Radio Spotlight", was inaugurated on September 21, 1944 over station WIAC of San Juan.

Besides the regular radio programs, radio spot campaigns were organized and directed whenever conditions demanded.

EDUCATIONAL RELATIONS PROGRAM

A great part of the success of the information program must be credited to the splendid cooperation given to the Information Division by the Commissioner of Education, school superintendents, teachers and social workers. Realizing the invaluable service that schools could give in disseminating information that would guide the thinking of the students and communities in the current economic affairs, the Information Division moved in its early stages to secure the help of the teachers. Teachers and the school people made a real contribution toward the development of a better understanding of the overall program of economic stabilization.

Early in the organization of the Information Division a Central Educational Committee composed of leading educators was organized by the OPA to assist in the development of the educational work through the schools. This Committee was presided over by the Assistant Commissioner of Education.

The Committee soon set to work in the preparation of units of study on basic economic facts and the implication of the OPA program to suit different grade levels.

At the same time a series of training conferences was inaugurated for teachers throughout the island. During the year 1943, a total of 102 conferences was held. This activity greatly strengthened the information program by bringing the teachers completely up to date on the economic stabilization program of the government.

Meanwhile these conferences were supplemented by information fact sheets for use by school teachers, bulletins and price lists issued by the Information Division of the OPA. In view of the quantity of material being released by the OPA the Department of Education soon found that they could not cope with its distribution. To facilitate this they appointed a liaison officer who helped the OPA with the distribution of material directly from the OPA. On the other hand the Department offered mimeograph facilities in view of the shortage of mimeograph machines in the OPA.

To facilitate the work of school teachers, a manual on study units for the different grade levels was distributed to all public and private schools and greatly simplified the work for the teachers.

Additional help to teachers in the development of study units as developed in the manual consisted of: (a) providing ideas for making of posters and poems; (b) lectures to student groups; (c) preparation of dramatizations of work of the Board and interviews of consumers and retailers, consumers and OPA employees, consumers and Board members and organization of junior consumer

committees in the schools.

JULY EDUCATIONAL CAMPAIGN

By an act of the Insular Legislature, teachers in Puerto Rico are paid on a twelve-month basis. Under this arrangement, any teacher can either devote the two month vacation period to attending University studies or doing regular class work. The possibility of devoting the time of those teachers to continue working during these two summer months on behalf of the Information program of the OPA was discussed with the Commissioner of Education. The plan presented met with the approval of the Commissioner who instructed all superintendents to that effect. Officials from the Information Division contacted all superintendents to develop the plans of the first educational campaign. The whole island was mobilized for what was to become a regular July-August educational campaign. The directors of all insular and federal agencies established in Puerto Rico were contacted for the same purpose. The Superintendent of Schools or a person designated by him was placed in charge of the local campaign. All the information material was supplied by the OPA. In all, during the first educational campaign, around 70,000 volunteers and paid employees participated. A total of 200,000 price lists were distributed in the rural and urban zones. The campaign proved to be such a success and became so popular that the Department of Education volunteered to participate in it the next three years. It came to be a coordinated effort of all the community with the teachers, social workers, home demonstration agents, boys and girl scouts, Farm Security agents, local employees of insular agencies and the local Boards working toward a common goal.

UNIVERSITY OF PUERTO RICO

The Information Director of the University of Puerto Rico was appointed as Liaison Officer by the Chancellor of the University of Puerto Rico to deal with OPA officials on all educational matters relative to that agency. As

Liaison Officer he was in charge of the distribution of all OPA material to the University students and professors. A series of ten lectures were delivered by OPA officials to different class groups.

In addition to these lectures the Information Division planned a series of conferences on the organization, development, and community participation in the OPA program. These conferences were held by Dr. J. Cecil Parker of the Information Department of the National Office in Washington.

During the summer session of the University of Puerto Rico in 1945, a workshop on Consumer Problems was organized by the Information Division. Dr. Caroline Ware, from Washington, and Dr. Angel Quintero, an economics professor of the University of Puerto Rico, and the OPA Educational Relations Officer, were in charge of the workshop. Dr. Quintero lectured on general economic aspects of consumers' education, and Dr. Ware took charge of lectures on OPA programs and policies. The Assistant OPA Director, the Price Attorney, the Rationing Executive, the Consumer Relations Officer, and the Board Organization Officer discussed with the group different aspects of the OPA program. Other people who lectured to the group included the President of the Minimum Wage Board, the Assistant Director of the Agricultural Extension Service and labor representatives.

As part of the Information program at the University and through the courtesy of the editor of "La Torre", the University paper, the Information Division published a column in the paper carrying interesting facts on OPA activities.

STAFF INFORMATION

One of the first steps taken by the Division of Information was to maintain a medium to inform the members of the staff of the Puerto Rican office of the general happenings in Puerto Rico and the public reaction toward the OPA. With this purpose in mind, three interoffice news services

were published in English.

The "Daily Summary of News", a mimeographed bulletin published from Monday through Saturday was intended for use by the Director, members of the staff and key employees of the OPA. It included a summary of the most important local news of the day, taken from the newspapers and radio stations.

The "Weekly Summary of Comments", another mimeographed bulletin, was published every Saturday and was circulated among members of the staff and key employees of the OPA. It included editorial and column comments of local newspapers and radio stations on OPA activities.

"Office News", another bulletin, was published every afternoon and was distributed to all members of the staff and all employees of the Puerto Rican office. Administrative announcements and instructions, general official news, social and personal items about OPA employees in Puerto Rico were included in this service. In the Spring of 1943, all these publications were discontinued except "Office News" which continued weekly until OPA was liquidated

The complexity, variety and enlargement of the Territorial Office by 1945 had made it very difficult for every member of the staff to kee well informed on all the activities of the OPA. To fill this gap the Staff Information Committee was organized. Each week one of the heads of a Division addressed the employees on basic information on the most important activities of each Division.

INFORMATION PROGRAM PLANNING COMMITTEE

At the request of the Information Executive and with the objective of having a planned information program based on the needs of each Division that would respond to the needs of the community, the Director appointed in April 1944 an Information Planning Committee. Members of this Committee were the Executives for Information (Chairman), Price, Rationing, Enforcement and Rent, the Organization Officer and the Consumer Relations Officer. The Deputy

Director was designated as advisor to the Committee on all matters pertaining to general policies. The Administrative Officer acted as technical advisor in regard to the production and distribution of printed and mimeographed material. Each Division Head brought before the meeting for discussion the most urgent problems of his Division and made suggestions with regard to the improvement of information for his respective programs. The community needs were voiced by the Consumer Relations Officer as reported by the Community Service Panels, the Consumer Relations Official and from personal observation. The Board Organization Officer presented the suggestions of the Board Supervisors in the field. On the basis of these reports and their discussion the Information Division prepared a plan of activities for the next month. These meetings were conducted during the first week of each month. The following three weeks were devoted to the production, preparation and distribution of materials for the radio, newspapers, schools, Consumer Committees and other vehicles of information. The program was flexible enough to permit community variations and to include last minute information which was considered important.

This flexibility is exemplified in the following excerpt from the report of the Information Executive for the month of May, 1945: "The Information Planning Committee met for the second time to plan the campaign for June. The following subjects were decided upon: (a) Price: Location of Price Panels and information on what they are doing; (b) Rent: Registration of dwelling houses rented for the first time after February 1944; (c) Enforcement: Explanation on how the Enforcement Division handles complaints; and (d) Rationing: Tire conservation.

"After the regular campaign was devised, the Rationing Division requested a special drive on the Restriction Orders, in order to insure better

compliance. The request was taken care of and the material included in the monthly campaign for the month."

CONSUMER RELATIONS PROGRAM

The OPA was forced to place major impetus on its Community Organization Program in order to achieve understanding and cooperation from the local people. This was the program around which all Information activities were planned.

The first work plan devised by the Division called for the organization of a central Consumers' Committee in each of eight judicial districts of the Island. Once these district committees were organized and trained, they were responsible for the: (1) organization of a central committee in each town within the judicial districts; (2) organication of a subcommittee in each "barrio" or ward of each municipality; (3) channelling to all consumers in its area the orders and regulations issued by the OPA; and (4) informing the central office of the public reaction to the OPA programs.

The type of community organization devised by the OPA was the first of its kind ever carried out in Puerto Rico. The recruitment, training and organization of volunteers thus required constant supervision of the work at the community level. At this time only one person in the Central Office was in charge of this enormous task as well as the work of preparing and editing informational material to keep these volunteers abreast of the program of the OPA.

COMMUNITY SERVICE MEMBERS

The advisability of the appointment of Community Service Members to the local Boards was discussed several times with the Director of the OPA, but due to problems of space, equipment and general organization of the local Boards, it was postponed again and again. During the period of 1943 the

Boards were not receiving adequate service from the Central Office due to lack of personnel, a condition which was not conducive to enthusiasm on the part of volunteers. Moreover, the Organization Officer reported that no new members should be assigned to the local Boards until their set-up was improved and educational and informative material was ready to be sent out.

As the organization work proceeded, however, the addition of Community Service Members to local Boards to assist in the organization and educational work became essential. Aware of the need that the prospective leaders had of some instructions in organization, a Manual on Procedure for Organization of Consumer Committees was prepared and edited by the Consumers Relations Section before the appointment of such members. There is no doubt that the first step towards positive support is adequate understanding. The task was to create public opinion based on truth and a clear knowledge of the situation. With this principle in mind the selection of Community Service Members was started. Community Service Members were added to all 87 War Price and Rationing Boards operating in the Island.

Consumers Committees continued to be organized by Community Service Members and the Consumers Relations officials throughout the Island, in the urban as well as in rural zone. They constituted the medium through which the public had at all times access to full information regarding all actions and programs of the OPA.

SELECTION OF VOLUNTEERS

The volunteers participating in the Information program were selected from among all lines of activities within the community. The selection of Community Service Members was made personally by a member of the Consumers Relations Section after an investigation of the candidate's interest, ability, relations with the community and time that he could devote to the work. The

selection of the members of the Consumers Committees was the responsibility of the Community Service Member.

In 1944 all Local Boards were serviced by 87 Community Service Members and 277 Consumers Committees with a total voluntary force of 3,402 persons.

METHOD OF OPERATION

The Community Service Members served as advisors to the local Consumers Committees through which they channelled the information and publications of the OPA to the public. Besides acting as advisors to the Local Boards and the Territorial Office on public reaction, the Community Service Members performed other duties, including the organization of mass meetings, lecture groups, distribution of Information material, the checking of prices at retail stores, and the conducting of surveys, either locally planned or as directed by the Central Office.

To see that these volunteers were active at all times, a member of the Consumers Relations Office visited every Board once every two months and discussed with them past and future activities.

The work developed by these volunteers surpassed all expectations and merited at different times praise from the Territorial, Regional and National Offices.

From the foregoing, one might think that everything ran smoothly and, moreover, that the Local Board Members would welcome the organization of Consumers Committees and the appointment of a person within the Board to take care of the educational work. On the contrary, the Division found that some Board members resented both. Consumer Committees and Community Service Members were looked down upon by most Board Members and made to feel intruders in most cases. One reason for this was that the Boards had been educated under a closed door policy, while the policy of the Information Division had

always been quite the opposite. The Information Division from its very start considered the OPA an agency for and of the people. Community Service Members were instructed that it was the people's responsibility to see that the OPA functioned effectively and that a basic responsibility of a Community Service Member was to inform the OPA of the people's reactions to its program. Another circumstance which constituted a stumbling block in the development of the Information Program was the attitude of the Inspection Division. This division was responsible for directing the work of the inspectors. The Chief of the Section never believed that an effective program of price and rationing control needed well-informed consumers. Good working relations, understanding between the executives of the Inspection Unit and the Information Division would have resulted in more expedient and rapid action on consumers information. A series of reorganizations of the Board Operations Division finally resulted in 1945 in an arrangement which eliminated these previous difficulties of lack of coordination between divisions.

In September 1945, the Information Executive assumed the additional duties of Price Board Executive. This move assured coordination between the Boards and Information. Under this set-up an information clerk was attached to each of the six district offices and supervised directly by the Board Supervisor. The plans and schedules of work were prepared by the Information Division and were supervised and followed up by the General Office.

COMMUNITY SERVICE PANELS

In line with the National Organization in April 1945, the Information Division proceeded to the organization of Community Service Panels within the Board. This action greatly added to the prestige of the local educational volunteers in and out of the Board. The prestige which the members of the Consumers Committees and even the Community Service Members had at

this time had been won only through perseverance and hard work. Now, through an organized panel in the Board they were looked upon with more respect and more consideration. The inclusion of the Community Service Panels within the Board as well as the merging of the Board Operations Division with the Information Division accomplished the recognition of the valuable work of the information volunteers. A bulletin was prepared on the organization of this new panel. Board Supervisors, Information Specialists, Information clerks were instructed on the methods of operations of the new panel and their relation to the other panels within the Board. With the devoted help of the Board Operations Division and the industry of the Consumers Relations officials the Community Service Panels throughout the Island were put to work in a three months period. On August 1945 all the Boards were serviced by Community Service panels. Every panel was composed of at least five members, each one representing different segments of the community life, such as labor, rural, civic groups, the schools and the consumers at large. In communities where there was a newspaper or a radio they were represented on the panel. When conditions justified more than one labor representative and civic group, representatives were appointed to the Community Service Panels in an effort to give equal representation to all groups. At the close of business in November 1946, the total number of volunteers on Community Service Panels was 336.

HIGHLIGHTS OF ACTIVITIES OF THE COMMUNITY SERVICE PANELS AND THE CONSUMERS COMMITTEES

The Community Service Panels continued activities along the same paths marked by Consumers Committees. In April 1944 the retailers association in Caguas called out a strike in protest to the lard and rice rationing orders. The President of the Community Service Panel assisted by the Information Executive, the Board Supervisor, a Consumers Relations official

and the President of the Board, held an interview with the president of the retailers association where the problems were presented, discussed and solutions were presented.

In July 1945 when rumors circulated that the OPA was being liquidated, the Community Service Panels moved to offset the rumors.

They mobilized the religious groups on behalf of the anti-black-market campaign.

The fostered, organized and mobilized consumers for mass meetings where instructions and information with regard to the OPA programs were given.

They conducted price surveys in dry groceries, furniture, kitchen ware, household linen, textiles, hotels and restaurants, and rent.

They produced and broadcast radio programs through radio stations.

They publicized the work being done at the community level.

They instructed consumers on the method of presenting cases of overcharges before the price panel.

They cooperated with the local police in bringing cases of overcharges before local courts.

They carried on periodic surveys to see that retailers complied with the regulations.

They reported to the Information Division the results of the monthly information campaigns and suggested methods to improve the information work at the community level.

LOCAL BOARDS

Local Boards had their beginning in the Territories in a similar manner to those in the States. Early in 1942, the Governor of each of the Territories was asked to take over the rationing of tires. To do this job, boards comprised of local citizens were organized throughout each of the Territories. Later when the OPA offices were organized this original structure was expanded until by 1943 there was a local board in every community of any size. At the height of the board program there were three boards in the Virgin Islands, 87 in Puerto Rico, 15 in Hawaii and 15 in Alaska.

The administration of a broad government program by volunteers of local citizens was as new, if not newer, to the Territories as to the States. It was attended by many of the same difficulties. Chief difficulty arose in Puerto Rico and resulted from the intense interest of Puerto Ricans in politics and their loyalty to political parties. The Rationing Executive chose the board members on the original boards and it was not surprising to find after all boards were organized that 85% of the members were from the same political party as the Rationing Executive. It took many months to correct this first error and to achieve finally, a broad organization that was truly representative of the local community. No agency can hope to stay out of politics in Puerto Rico by attempting to appoint persons who have no party interest for there are not enough such people. The only answer is to see that all political parties are represented in a program and thus avoid public criticism of discriminating for or against any one political group.

In Alaska, Hawaii, and the Virgin Islands the Board program conformed in general to the States. Puerto Rico had the most elaborate

organization and certainly the largest number of problems.

PUERTO RICO

Prior to the passing of the Price Control Act in January 1942 and to the establishment of OPA in Puerto Rico, price control and rationing were administered by the Food and General Supplies Commission, an Insular organization created by Insular Law No. 6 and approved on November 21, 1941. Under the authority of this agency there were nine Rationing Boards operating in Puerto Rico, effective July 1, 1942. These Rationing Boards passed to the jurisdiction of OPA and were called War Price and Rationing Boards.

The next step was the selection and appointment of volunteers as members of Local Boards and the appointment of paid clerical personnel. Plans were made immediately for the expansion from nine local boards to eighty-seven. For their organization the following facts were taken into consideration:

(a) Population to be served

(b) Retail outlets registered with each Local Board

(c) Natural course of trade and business

(d) Communication facilities

A Local Board Organization Officer was appointed and volunteers were recruited. By the end of August 1942, eighty-four Local Boards were operating in the Island.

For almost a year these Local Boards operated under the jurisdiction of the Rationing Division. The Rationing Executive selected the board members and paid personnel. Organizationally this was an error which later caused serious difficulties. Local Boards were trained with the idea that their duties were concerned solely with rationed commodities. Later when price control became an important part of their work there was considerable resistance on the part of

old board members.

In June 1943, the Investigations Unit and the Local Boards were consolidated and became the Field Operations Division. This was an improvement and with the full status of an Operating Division, Local Boards were reorganized. The Investigators, previously working for the Investigation Section, were transferred to the newly created Field Operations Division with the exception of ten Inspectors who were assigned to the Legal Division.

In March 1945, the organization was further improved by decentralization to six district offices, geographically distributed. Board Supervisors headed each of these district offices and were responsible for the supervision, instruction and guidance of board members in their area. Price Panels were reorganized and special attention was given to the Price Control Program. In November 1945 this Division became the Price Board Management Division. The only important change was that the Price Board Management and Information Divisions were placed under one Executive.

The Division consisted of the Information and Board Management Executive, as Head of the Division, with complete supervision of all board and information activities; an Organization Officer for the supervision and training of Board employees including Board Supervisors and volunteer members; a Price Panel Coordinator in charge of the supervision and training of Price Panels; seven Board Supervisors and 27 Assistant Local Board Supervisors for the immediate supervision of Board employees and the training and guidance of board members. Besides the above mentioned personnel 87 boards were operating with 183 paid clerks assigned to clerical work.

Since the major job of information had to be done in the local community by the Information panel on the boards this organization integrated the operation of the price and information programs. This

proved to be the most effective organization achieved and should have been followed much earlier in the program.

An average of 1600 volunteer members gave their time and enthusiasm working for the organization. Over 600,000 volunteer hours were served by all board members from August 1943 to December 1946. The Boards carried out price surveys and a full scale information program, etc., with their volunteers.

In the Local Boards organization great care was taken to make them representative of all sections of the communities. Housewives, teachers, lawyers, merchants, laborers, farmers, doctors, without regard to color, creed, or economic status, formed the final roll of Local Board members.

Price Panels held over five thousand hearings during the last year of their existence. Consumers received an approximate amount of thirty thousand dollars as treble damage compensation, paid by retailers found guilty of selling above their ceilings. Besides this amount, guilty merchants paid to the United States Treasurer over fifteen thousand dollars as a result of Price Panels asserting the Administrator's treble damage claim. This achievement resulted from the coordinated action of the Board Management Division with the Price, Enforcement, and Information Divisions and the efforts of all Board Supervisors.

The lifting of tire and gasoline rationing gave local boards time to take care of the increased load of price activites.

After V-J Day plans were laid out for the progressive elimination of all controls on sales and production. The first step was the reduction of Local Boards, in December 1945, from the 37 then in operation to 39. The island was reapportioned to fit the new organization, without lessening the effectiveness of the Price Panels which continued operating with the same efficiency as ever. Paid personnel was reduced proportionately.

From July 1,to July 25, 1946, the Office of Price Administration was legally out of business as the United States Congress did not re-enact the Price Control Act until July 26. During this period all activities of the Local Boards and consequently of the Board Management Division were at a standstill. Nevertheless, not a single case of desertion by board members or paid employees was reported and all loyally maintained their posts of duty regardless of the uncertainty.

Should the ocassion arise in any future emergency the errors committed in the past in the organization should be corrected. Local Boards should be organized from the very beginning as a separate division with all its personnel under one central supervision or executive. No investigations should be made by board members. Their functions should be exclusively of an administrative nature and not as an enforcement unit. Boards should be composed of not too many members and their functions, scope and authority clearly established.

In December 1946, the activities of the Board Management Division came to an end.

ALASKA

PRICE AIDES

No history of OPA operations in Alaska, and particularly that portion of it which deals with Volunteers, could possibly be considered complete that did not include the story of the assortment of workers known variously as Price Aides and/or Distribution Officers. Like so many other segments of OPA operations, these volunteers were recruited to meet the conditions arising out of the vast extent of the Territory and the sparseness of its population.

In many communities, too small to make board operations possible or feasible, the need for volunteer assistants to help the OPA program

was early recognized. In the Eskimo villages of northern Alaska, tiny trading posts along the great inland waterways, small communities in the Bristol Bay area, even in the more isolated small towns of Southeastern Alaska there was a price control program to administer. This scattered segment of the population had to be made conscious of its responsibility and rights as consumers, economic problems in these localities had to be brought to the attention of the Territorial Office, if these considerable portions of the Territory were to be fitted into the general pattern of OPA operations in Alaska.

Many of these places were too small as communities to have enough English speaking residents to constitute even a small Board, but they were none the less important sections of the country, where lived many low-income groups, and definitely had to be fitted into the composite program of price control. How to establish the contact needed in each of these communities was a major problem in formulating administrative procedure for the OPA.

It was met by the creation of this volunteer position known generally by the title of Price Aide, but sometimes also called Distribution Officer. The price aide was a sort of one-man Board in his community. He distributed information material -- including regulations, interpretations, OPA publications, posters, etc., to the public. He explained the functions of the OPA to the people in his community. He helped the merchants make out cost of living and other required reports. He kept the Territorial Office informed concerning local price increases, shortages and other matters that affected the OPA program. He supplied information concerning trade usages and customs, needed by the Price Division for the effective discharge of its functions. He relayed complaints and reports of alleged violations to the Territorial office. He acted in an advisory

capacity concerning proposed price schedules for his area. He was, in short, a "little OPA" all by himself out in the hinterlands.

In the course of Alaska OPA operations 75 persons, representing at least 100 small communities, served in this important capacity. They were recruited from various sources, missionaries, representing almost every religious faith, teachers in the Territorial and Federal Schools, postmasters, U. S. Commissioners, visiting nurses for the Alaska Native Service, and other representative citizens. Sometimes a missionary or a traveling nurse served several communities. A typical example of the itinerant Price Aide was the Catholic priest at Hoopers Bay who covered six Eskimo villages by dog team, and had to explain the price control program to his parishioners in the Eskimo language. This particular Price Aide rendered especially valuable service to the OPA at the time the revision of the price schedule for reindeer meat was under way.

Informative letters came in regularly from Price Aides and the file containing these is one of the most interesting to be found in the permanent records of the Alaska Office.

RELATIONS WITH OTHER AGENCIES -- Federal and Territorial

Any Federal agency operating in the Territories must, of necessity, work very closely with the other Federal agencies in these areas and with the agencies of the local government. This was particularly true of OPA, a war time agency operating during the war time period.

Region IX always maintained the closest and most cordial relations with all other agencies in each of the Territories.

Considerable attention had to be given by the Regional Office to problems which arose concerning the movement between the Territories and the United States of commodities which were rationed in the States but unrationed in the Territories. A question of the transfer of ration evidences in connection with such commodity transfers was involved.

The Regional Office from time to time was called upon to expedite or to ascertain the status of shipments of certain commodities to the Territories, particularly when supplies of essential goods reached a low point in a Territory and a crisis became imminent. This required close cooperation with the U. S. Interior Department officials who arranged shipping space.

The Office of the Petroleum Administrator for War was consulted from time to time with regard to allocations of gasoline for the Territories.

During the period when the U. S. Departments of Agriculture and Interior were responsible for the food supply in Puerto Rico and the Virgin Islands, there had to be a very close working relationship between Region IX and these departments both in Washington and in the Territories.

In Hawaii, price control and rationing were under the complete jurisdiction of the Military Governor until March 1943 when this responsibility was turned over to the OPA. After that time the military authorities continued to take an active part in the protection of members of the armed services from overcharges and assisting OPA in the rationing of tires and gas to civilians working for the Army and Navy.

OPA had a highly successful liaison arrangement with the Provost Marshal for the Central Pacific Area, pursuant to which numerous business establishments in the Territory were declared "off limits" for charging excessive prices in those fields in which OPA either had no power to control prices or failed to exercise control. Cooperation given by the Army and Navy was extremely cordial and the "off limits" sanction was very effective since there are few businesses in this Territory which could continue to keep open with an "off limits" sign on the doors.

Military authorities in Hawaii established a program which filtered down to every man in uniform in the Territory. The Army and Navy had close to 100 separate and distinct establishments on the Island of Oahu alone, and they appointed an officer at each such establishment designated as a Price Control Liaison Officer. It was his official duty to be familiar with all phases of price control and rationing which involved the man in uniform. He was given a specific office for that purpose at his post. Bulletin boards explaining his functions and explaining any matters of interest in the field of price control or rationing were set up throughout each establishment.

The OPA prepared and forwarded to the Armed Forces a complete manual containing all OPA regulations and Explanatory material

which the Price Control Officer of each military or naval establishment was required to know for the discharge of his duties and OPA also held training sessions for all Price Control Liaison Officers. This program was of inestimable value in getting information to the large population in uniform, and in addition greatly improved compliance in those industries catering to men in uniform.

In addition to the manual, each Price Control Liaison Officer was furnished with OPA complaint forms and every man in uniform was encouraged to see his Price Control Liaison Officer whenever he believed he had been overcharged. If the officer was of the same opinion, a complete form was executed and forwarded for immediate investigation either by the appropriate price panel of the Territorial Office of Price Administration.

In Alaska, the Territorial Office of Price Administration cooperated with the Army in the organization of Military Price Clinics in Anchorage, Seward, Fairbanks and Nome. The organization of price clinics resulted from OPA's request for cooperation from the Army in its program to combat inflation -- a program in which servicemen had a very special interest.

A Directive was sent to all offices of the Army in Alaska. Information on which the Directive was based was given to the Public Relations Officer for the Army by the OPA. The Directive instructed all military personnel to cooperate with the OPA in helping keep prices and rents at the OPA ceilings.

The Price Panel handled complaints transmitted by service men through the Army Public Relations Officer and was requested to give prompt consideration to these complaints. Radio programs at regular intervals over the Army radio station provided OPA information and encouraged service men to report overcharges of any kind.

In Puerto Rico and the Virgin Islands, the military were equally cooperative although in a less formal manner.

The Territorial governments were always willing to assist in the fight against inflation. The Governor of each of the Territories and the Territorial representatives in Congress gave the Regional Office and the Territorial Offices their support and their advice and constructive criticism.

In Puerto Rico, in the spring of 1943, the Insular Legislature passed a bill (Act No. 31) making all violations of OPA regulations a violation of Insular Law. This placed the Insular court system and the police department in a position to assist in enforcing OPA regulations. In the spring of 1945, the Puerto Rico Legislature strengthened Act No. 31 and also passed a bill placing all commercial rents under price control. This supplemented OPA's rent control over rental dwellings, hotels, and rooming houses.

The Legislature in Hawaii passed a bill early in 1945 bringing commercial rents under control. This measure was of great assistance to the OPA since increasing rents were one of the major cost factors used by business in Hawaii to secure upward adjustments in prices.

This cooperation between the Federal Government, the Territorial governments, and the military authorities substantially aided the effectiveness of the price control and rationing programs in each of the areas outside the continental United States.

ORGANIZATION AND PERSONNEL POLICY

The Regional Office was located in Washington with Territorial Offices (equivalent to the District Offices in the States) in the Capital cities of each of the four Territories and Island Possessions.

Region IX always followed a policy of decentralized operations with the major portion of the staff in the Territorial Offices and a very small staff in the Regional Office. The Territorial Offices received something like 95 percent of the annual budget allocated to Region IX while the Regional Office operated on the remaining 5 percent.

The Territorial Directors were delegated as much authority as was necessary for immediate action on matters of price control and rationing. The Regional Office remained responsible only for over-all policy and for keeping policies in the Territories in conformity with National policy.

Close contact was maintained between Regional and Territorial offices by means of frequent correspondence, cable and mail, and by visits between Regional and Territorial personnel.

The policy of staffing the Territorial offices with local persons, whenever possible, proved very successful. When the Territorial offices were first established, a number of experienced persons from the mainland were sent out to organize operations. Gradually most of these persons returned to the mainland and were replaced by persons recruited locally. On the OPA staff in the Virgin Islands, there was in the later stages of operation only one person who was sent from the continental United States, while Puerto Rico had less than half a dozen persons who were sent out from Washington.

Attention should be called to the language problem in the Puerto Rico office. The great majority of adults in Puerto Rico, including

most retailers, read and speak English with difficulty if at all. All OPA material was therefore in Spanish and much of it in both English and Spanish. The divisions were organized in such a way that each was completely bilingual, handling public appearances, conferences, interviews and correspondence in either language as the case required. This did not involve employment of extra personnel but rather a careful selection of those employed.

The tight labor market and the shortage of experienced persons for professional jobs in OPA made it difficult to secure local people in Alaska and Hawaii, particularly for key positions. Wherever possible, however, local persons were placed in Territorial jobs and in both Hawaii and Alaska more than 80 perdent of all jobs were held by residents of those Territories.

The success of such a policy is evidenced by the public cooperation with the price control and rationing programs, and particularly by the degree of local acceptance of the agency and its program, despite the historical antagonism of the Territories toward "outsiders" and anything which appears to them to be "interference with home rule by the Federal Government".

R E G I O N A L

/DIRECTOR/	Date Entered	Date Left
Emerson, Rupert	8/11/41	9/10/43
Davis, James P.	9/4/43	-

/ADMINISTRATIVE/	Date Entered	Date Left
Kelly, F. Patrick	9/1/42	1/29/44
Burchard, Milton S.	3/26/44	-
/Enforcement/		
Cohen, Wallace M.	5/1/42	10/14/43
Green, Guy W., Jr.	11/19/42	3/30/44
Durbin, John M.	4/1/44	-
/RATIONING/		
Haggerty, John J.	1/11/43	12/10/43
Barrett, Gerald A.	7/11/43	2/26/44
Goodnough, David W.	8/28/44	10/31/45

/PRICE/		
Cohen, Jerome B.	5/1/42	3/5/43 (Military furlough)
Ross, Stanley C.	7/2/43	9/9/44
Friedlander, Edward J.	8/28/42 (left for San Juan)	10/4/42
	8/14/44	1/28/46
O'Connor, Donald J.	3/11/46	3/30/47
Ein, I. Waterman	2/10/47	-
/INFORMATION/		
Gresham, Mary E.	7/18/42	5/3/47

PUERTO RICO

/DIRECTOR/	Date Entered	Date Left
Edwards		
Mead, William B.	11/13/42	6/4/43
Cordova, Jorge L.	10/1/43	9/6/44
Gilstrap, Sam P.	8/14/44	3/31/47

/ADMINISTRATIVE/	Date Entered	Date Left
Ibanez, Jose I.	5/8/42	10/20/42
Clark, Gerald E.	10/1/42	-
/ENFORCEMENT/		
Thompson		
Socolov		
Mead		
Donoho, D. Haskell	9/25/42	11/12/42
Durbin, John M.	2/1/43	3/31/44
Riera, Eulogio	5/1/44	12/29/45
Martinez, Exo Frank	1/1/46	1/31/47
/ACCOUNTING/		
Besosa, Athos W.	8/18/44	12/22/46
Ward, Nelson E.	12/16/42	8/11/44

/PRICE/	Date Entered	Date Left
Besosa, Athos W.	6/11/42	11/15/42
Eddy, Nelson H.	1/1/43	12/29/43
Friedlander, Edward J.	2/1/44	8/14/44
Williams, Louis A.	7/25/44	11/16/44
Deegan, Charles F.	11/1/44	10/15/45
Besosa, Frank	10/17/45	12/31/46
Bartolomei, Jorge	1/5/47	-
/INFORMATION/		
Badillo, Samuel E.	10/12/42	10/23/45
/RATIONING/		
Munoz MacCormick, Roberto	6/20/42	11/15/45

P U E R T O R I C O

(Continued)

/RENT/	Date Entered	Date Left
Bague, Dr. Jaime	1/7/44	12/16/44
Gil, Ramon I.	1/2/45	2/16/46
Janer		
Benitez Gautier, Jorge	12/29/46	-

/BOARDS/	Date Entered	Date Left
Marrero Nunez, Julio	8/1/43	1/1/44
Bell		
Perez Davila, Luis F.	8/1/43	12/1/46
Badillo, Samuel E.	10/24/45	11/29/46

V I R G I N I S L A N D S

/DIRECTOR/

	Date Entered	Date Left
Robles, Jacob A.	6/6/42	1/15/47

/ADMINISTRATIVE/

	Date Entered	Date Left
Hawkins, Sigrid J.	9/16/42	1/15/47

/PRICE/

	Date Entered	Date Left
Dean, William H.	8/17/42	11/17/44
Miller, Edward A.	10/5/42	12/22/46

/ENFORCEMENT/

	Date Entered	Date Left
French, Stewart	7/24/42	3/3/43
Nichols, Nelson H., Jr.	12/16/42	12/22/46

/INFORMATION/

	Date Entered	Date Left
Jackson, Malcolm A.		
Francis, Amadeo I. (St. Thomas)	3/1/44	12/31/45
Harrigan, Ludvig E. (St. Croix)	12/21/42	1/31/46

/RATIONING/

	Date Entered	Date Left
Jackson, Malcolm A.	8/4/42	6/2/44
Clarke, Charles E.	7/16/44	12/31/45

A L A S K A

/DIRECTOR/

	Date Entered	Date Left
Hermann, Mildred R.	5/16/42	1/17/47

/ADMINISTRATIVE/

	Date Entered	Date Left
Blackwell, Henrietta L.	6/21/43	6/15/45
Johnston, Edna L.	6/16/45	1/17/47

/ENFORCEMENT/

Gemmill, Lynn J.	11/11/42	2/29/44
Walsh, Walter E.	4/11/44	

/RATIONING/

Johnson, Helene G.	9/2/42	1/31/46

/RENT/

Falkenberg, Bennett P.	11/21/42	12/14/43
McCarron, Earl P.	1/14/44	-
Walsh, Walter E.	12/31/46	-

/PRICE/

Eiteman, Wilford J.	9/14/42	8/6/43
O' Connor, Donald J.	12/1/43	7/1/45
Rogers, George W.	3/25/46	11/11/46

/INFORMATION/

Liston, Lucien C.	3/1/43	12/24/43
Purington, Irma D.	8/16/44	1/17/47

/BOARDS/

Kelly, Frank M.	8/1/43	12/29/45

H A W A I I

/DIRECTOR/

	Date Entered	Date Left
Borders, Karl	9/21/42	11/2/43
Robbins, Melvin C.	9/1/43	11/3/44
Barrett, Gerald A.	12/1/44	12/19/46

/ADMINISTRATIVE/

	Date Entered	Date Left
Thomas, Nell W.	10/1/44	11/5/45
Thomas, Fred S.	3/18/43	2/16/46
Strench, Emil F.	9/23/45	2/28/47

/INFORMATION/

Lykke, Christian N.	3/18/43	12/7/43
Miller, Kleber R.	1/15/44	2/28/47

/RATIONING/

Goodnough, David W.	9/11/43	8/27/44
Shute, John A.	4/1/44	10/30/44
Leavy, James A.	8/29/44	2/9/46

/PRICE/

Johnson, Warren C.	5/17/43	12/22/46

/ENFORCEMENT/

Robbins, Melvin C.	10/22/42	8/31/43
Cowin, Philip	7/11/43	5/5/45
Brown, William B.	5/1/45	3/9/46
Castleman, David R., Jr.	6/2/46	-

/ACCOUNTING/

Powers, Frederic	10/22/42	12/7/44
Calhoun, John M.	11/2/43	12/22/46

/BOARDS/

Brown, G. Jayne S.	12/16/45	12/12/46